

**ALASKA LEGISLATURE**

**2097**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000**

*218*

MEDICAID RATE ADVISORY COMMISSION  
OPEN APPEAL HISTORY

013 94-MRC-05 Wesley  
Rehabilitation & 96 Audit &  
Care Center 99 Rate Audit & Rate Request for  
Exceptional Relief

Reclassifying ancillary cost to the  
appropriate routine cost centers and the  
use of audit in rates

Order staying Administrative Appeal matter stayed pending the decision on  
appeal in Wesley Superior Court Case.

→ DONNA HERBERT

INSLEE BEST

02/02/98 10:46 FAX 425 635 7720

Administrative Appeals Filed from 1/1/90 to 12/4/98

12/4/98

FACILITY ID #	MRAC CASE #	HEALTH FACILITY	STATUS CODE	APPEALED TO COM	ASSIGNED BY COM
02	90-mrc-01A	Central Peninsula Hosp.	10A	1/11/90	1/24/90
15	90-mrc-02A	Our Lady of Compassion CC	10A	1/22/90	2/5/90
09	90-mrc-03A	Humana Hospital	10A	2/7/90	2/23/90
09	90-mrc-04A	Humana Hospital	10A	2/7/90	2/23/90
09	90-mrc-05A	Humana Hospital	10A	2/7/90	2/13/90
09	90-mrc-06	Humana Hospital	10A	5/11/90	5/23/90
06	90-mrc-07	Fairbanks Memorial Hosp.	10A	6/28/90	7/9/90
10	91-au-01	Ketchikan General Hosp.	10A	9/4/91	9/16/91
10	91-au-02	Ketchikan General Hosp.	10A	9/4/91	9/16/91
10	91-au-03	Ketchikan General Hosp.	10A	9/4/91	9/16/91
10	91-au-04	Ketchikan General Hosp.	10A	9/4/91	9/16/91
10	91-au-05	Ketchikan General Hosp.	10A	9/4/91	9/16/91
16	91-mrc-01	Petersburg General Hosp.	10A	1/7/91	4/21/91
21	91-mrc-02	South Peninsula Hospital	10A	1/14/91	4/2/91
14	91-mrc-03	Norton Sound Regional Hosp.	10A	2/20/91	4/2/91
02	91-mrc-04	Central Peninsula Hosp.	10A	5/23/91	6/5/91
20	91-mrc-05	Sitka Community Hospital	10A	7/2/91	7/3/91
04	91-mrc-06	Cordova Hospital	10A	7/9/91	7/12/91
24	91-mrc-07	Wrangell General Hospital	10A	7/24/91	7/25/91
10	91-mrc-08	Ketchikan General Hosp.	10A	10/2/91	10/8/91
10	91-mrc-09	Ketchikan General Hosp.	10A	10/21/91	11/7/91
10	91-mrc-10	Ketchikan General Hosp.	10A	10/21/91	10/28/91
26	92-mrc-01	Fifteen Facilities	10A	1/16/92	1/24/92
02	92-mrc-02	Central Peninsula Hosp.	10A	4/3/92	4/14/92
27	92-mrc-03	North Star Hospital	10A	5/8/92	5/19/92
04	92-mrc-04	Cordova Hospital	10A	7/7/92	7/9/92
16	92-mrc-05	Petersburg General Hosp.	10A	7/7/92	7/9/92
20	92-mrc-06	Sitka Community Hospital	10A	7/7/92	7/9/92
24	92-mrc-07	Wrangell General Hospital	10A	7/7/92	7/9/92
13	92-mrc-08	Mary Conrad Center	10A	7/16/92	8/3/92
12	92-mrc-09	Kotzebue Sr. Citizens Ctr.	10A	7/22/92	8/13/92
18	93-au-01	St. Ann's Nursing Home	10A	4/8/93	4/20/93
28	93-au-02	Valley Hospital	10A	5/4/93	5/11/93
26	93-au-03	Fifteen Facilities	10A	7/28/93	7/28/93
21	93-au-04	South Peninsula Hospital	10A	10/8/93	10/14/93
15	93-mrc-01	Our Lady of Compassion CC	10A	1/6/93	1/21/93
22	93-mrc-02	Valdez Community Hospital	10A	1/6/93	1/21/93
01	93-mrc-03	Barlett Memorial Hosp.	10A	4/16/93	4/20/93
26	93-mrc-04	Fifteen Facilities	10A	7/28/93	7/28/93
28	93-mrc-05	Valley Hospital	10A	7/29/93	7/30/93
29	93-mrc-06	Alaska Regional Hospital	01A	9/15/93	9/27/93
14	93-mrc-07	Norton Sound Regional Hosp.	10A	10/8/93	10/14/93
29	94-au-01	Alaska Regional Hospital	01A	7/8/94	7/18/94
23	94-au-02	Wesley Rehab. & Care Ctr	01A	7/14/94	7/18/94
23	94-au-03	Wesley Rehab. & Care Ctr	01A	7/14/94	7/18/94
24	94-au-04	Wrangell General Hospital	10A	12/9/94	12/12/94
24	94-au-05	Wrangell General Hospital	10A	12/9/94	12/12/94
24	94-au-06	Wrangell General Hospital	10A	12/9/94	12/12/94
24	94-au-07	Wrangell General Hospital	10A	12/9/94	12/12/94
24	94-au-08	Wrangell General Hospital	10A	12/9/94	12/12/94
29	94-mrc-01	Alaska Regional Hospital	01A	1/10/94	1/19/94
02	94-mrc-02	Central Peninsula Hosp.	10A	2/22/94	3/8/94
24	94-mrc-03	Wrangell General Hospital	10A	4/28/94	5/4/94
27	94-mrc-04	North Star Hospital	01A	9/29/94	10/4/94
29	94-mrc-05	Alaska Regional Hospital	01A	9/30/94	10/4/94
23	95-au-01	Wesley Rehab. & Care Ctr	01A	2/6/95	2/10/95
40	95-au-02	St. Ann's Care Center	01A	2/17/95	2/28/95
27	95-au-03	North Star Hospital	01A	2/28/95	3/1/95
29	95-au-04	Alaska Regional Hospital	01A	6/23/95	6/27/95
01	95-au-05	Barlett Memorial Hosp.	01A	7/21/95	7/24/95
28	95-au-06	Valley Hospital	10A	8/19/95	8/25/95
14	95-au-07	Norton Sound Regional Hosp.	10A	9/12/95	9/18/95
18	95-au-08	St. Ann's Nursing Home	01A	12/26/95	12/28/95
11	95-mrc-01	Kodiak Island Hospital	10A	1/6/95	1/6/95

## Administrative Appeals Filed from 1/1/90 to 12/4/98

12/4/98

FACILITY ID #	MRA C CASE #	HEALTH FACILITY	STATUS CODE	APPEALED TO COM	ASSIGNED BY COM
27	95-mrc-02	North Star Hospital	01A	2/21/95	2/28/95
23	95-mrc-03	Wesley Rehab. & Care Ctr	01A	5/25/95	6/2/95
23	95-mrc-04	Wesley Rehab. & Care Ctr	01A	5/25/95	6/2/95
27	95-mrc-05	North Star Hospital	01A	5/25/95	6/2/95
21	95-mrc-06	South Peninsula Hospital	10A	5/25/95	6/2/95
04	95-mrc-07	Cordova Hospital	10A	7/20/95	7/24/95
23	95-mrc-08	Wesley Rehab. & Care Ctr	01A	7/20/95	7/24/95
21	95-mrc-09	South Peninsula Hospital	10A	10/20/95	11/3/95
29	95-mrc-10	Alaska Regional Hospital	01A	12/4/95	12/6/95
03	95-mrc-11	Charter North Hospital	01A	12/4/95	12/5/95
27	96-mrc-01	North Star Hospital	01A	1/12/96	1/23/96
34	96-mrc-02	Providence AK Med Center	10A	1/18/96	1/23/96
14	96-mrc-03	Norton Sound Regional Hosp.	10A	1/22/96	1/23/96
18	96-mrc-04	St. Ann's Nursing Home	01A	1/26/96	1/29/96
01	96-mrc-05	Bartlett Memorial Hosp.	01A	3/14/96	3/14/96
10	96-mrc-06	Ketchikan General Hosp.	10A	5/24/96	6/5/96
23	96-mrc-07	Wesley Rehab. & Care Ctr	01A	8/2/96	8/16/96
04	96-mrc-08	Cordova Hospital	10A	8/2/96	8/16/96
21	96-mrc-09	South Peninsula Hospital	10A	8/22/96	10/7/96
01	96-mrc-10	Bartlett Memorial Hosp.	01A	8/29/96	10/11/96
20	96-mrc-11	Sitka Community Hospital	10A	9/4/96	10/7/96
03	96-mrc-12	Charter North Hospital	01A	12/18/96	1/7/97
40	97-mrc-01	St. Ann's Care Center	01A	2/10/97	3/5/97
28	97-mrc-02	Valley Hospital	01A	2/11/97	3/5/97
29	97-mrc-03	Alaska Regional Hospital	01A	5/23/97	7/12/97
29	97-mrc-04	Alaska Regional Hospital	01A	5/23/97	7/12/97
29	97-mrc-05	Alaska Regional Hospital	01A	7/7/97	7/11/97
29	97-mrc-06	Alaska Regional Hospital	01A	7/7/97	7/11/97
41	97-mrc-07	Bartlett Regional Hospital	01A	8/6/97	8/11/97
14	97-mrc-08	Norton Sound Regional Hosp.	01A	10/16/97	10/29/97
10	97-mrc-09	Ketchikan General Hosp.	01A	10/21/97	10/21/97
03	97-mrc-10	Charter North Hospital	01A	10/24/97	11/17/97
27	98-mrc-01	North Star Hospital	01A	1/20/98	1/20/98
28	98-mrc-02	Valley Hospital	01A	1/30/98	2/2/98
07	98-mrc-03	Heritage Place	01A	3/2/98	4/17/98
10	98-mrc-04	Ketchikan General Hosp.	01A	7/23/98	7/29/98
23	98-mrc-05	Wesley Rehab. & Care Ctr	01A	7/23/98	7/29/98
20	98-mrc-06	Sitka Community Hospital	01A	9/4/98	9/10/98
21	98-mrc-07	South Peninsula Hospital	01A	11/2/98	11/5/98

Donna Herbert, owner



(907) 586-9565  
Fax 463-3773

105 Municipal Way  
Suite 304  
Juneau, Alaska  
99801

April 15, 1999

The Honorable John Torgerson  
Alaska State Senate  
State Capitol Building  
Juneau, AK 99811

Re: SB 106

Dear Senator Torgerson:

On behalf of the facilities I represent, thank you for your efforts and support of SB 106. The current version of CSSB106(JUD) will certainly improve the appeal process that has caused the facilities to be blocked from seeking court resolution. (See enclosed 13 remanded appeals list.)

In your conversations with members of ASHNHA, you stated your intention to offer an amendment to SB 106 that would make changes to the Medicaid rate setting system, in order to 'rectify' the disparity of reimbursement rates for long term care facilities. Although I have not yet had the opportunity to discuss this with you, my understanding of your proposed amendment was a peer group averaging methodology.

The State of Alaska hired Myers and Stauffer to conduct a review on DRG/Case Mix Recommendations. The report, dated August 11, 1998, states in part:

*Unsuitability of Peer-Grouped Rates*

It was further determined that a peer-grouped base rate methodology would be difficult to implement in Alaska due to the small number of facilities. Alaska hospitals could easily be categorized into two or three groups based on location and size; e.g., Large Urban, Small Rural, and Very Small Rural. However, even if one included Fairbanks Memorial in with the Large Hospitals peer group, there would still be only three facilities in this critical group (which accounts for 80% of all Medicaid inpatient days), and it is not clear how one could set an acceptable rate for a group of three. A system with peer group ceilings will not work well with peer groups smaller than five hospitals, and three is also too few to support the development of a single rate at the peer group average.

Senator Torgerson  
April 15, 1999  
Page 2

The amount of variation in costs between facilities argues against the development of a single statewide base rate methodology. This is especially true if one assumes that some of the observed variation in costs is due to environmental characteristics beyond the control of the provider, and/or differences in case-mix acuity that aren't fully measured by the DRG system. Therefore, we would recommend that the State employ facility-specific base rates, as discussed above, in the proposed pro-forma DRG reimbursement methodology.

I urge you to keep SB 106 in its current format, and pursue the other Medicaid reimbursement system changes in a separate bill. The need to get the appeal process underway, without any further delays, is paramount to keeping some of these facilities from closing down, and ultimately taking away access to health care, and the economic base of some of the communities.

A review of the small co-located rural facilities reveals that although they have the highest rates they only have 8 to 10 beds. They are in fact the facilities that receive the lowest level of Medicaid revenue. They are operating at a net loss, no cash balance, and the inability to update equipment to keep up with the high technology changes in the health field.

Although there needs to be a change in the current system, it is essential that the design of a new system not be placed solely in the hands of the Department, who already do not follow the regulations current in place, but balance the development with the knowledge and recommendations from the industry.

The new bill could propose that a subcommittee be created from members of the Alaska State Hospital and Nursing Home Administration's (ASHNHA) Finance Committee, or their representatives, and 6 members from the Department of Health and Social Services to re-write and further clarify the Medicaid rate setting regulations that are causing 90% of the appeals. Those 6 issues are as follows:

- (1) Year End Conformance -  
7AAC 43.691, 7AAC 43.685;
- (2) Volume Changes in LTC -  
7AAC 43.685;
- (3) Ancillary definition for LTC -  
7AAC 43.686;

Senator Torgerson  
April 15, 1999  
Page 3

- (4) Arbitrary treatment among facilities - inconsistent from year to year -  
7AAC 43.679-680;
- (5) Audits -  
7AAC 43.693; and
- (6) Non-reimbursable areas -  
7AAC 43.686.

The subcommittee would insure that the rates are based on a fair rate for costs of patient care; and provide access to patient care. The cost of patient care includes reasonable cost of current operations, including salary and wages, purchased services, supplies, insurance, leases, depreciation, taxes, interest expense, maintenance, and other Health Facility operating expenses including education, research, and capital development.

The 6-person Medicaid Rate Advisory Commission prior to 1988, had authority to set rates. Currently it has *advisory* authority only, and two of the 6 positions are held by DHSS employees. The new bill could eliminate the Medicaid Rate Advisory Commission, under AS 47.07.110 - 180. This expensive layer of review does not serve a meaningful streamlined process. The Department could then set rates in a public forum, on a quarterly basis.

I look forward to meeting with you tomorrow. Thank you again for your efforts and assistance.

Sincerely,



Donna L. Herbert

Enclosures

The Hearing Examiners have issued a total of Thirteen Proposed Decisions involving Thirteen cases during the period from January 1, 1990, to December 31, 1998:

1. Our Lady of Compassion Care Center, 90-MRC-02, appeal filed 1/22/90;
  - Proposed Decision issued March 12, 1991;
  - Remanded by Commissioner 4/3/91.
  - Stipulation to Dismiss signed 7/20/94 by Jay Livcy.
2. Central Peninsula, 91-MRC-04, appeal filed 5/23/91;
  - Proposed Decision issued 9/9/94;
  - Remanded by Commissioner 10/10/94;
  - Proposed Decision on Remand issued 10/31/94;
  - Proposed Decision on Remand adopted 11/4/94.
3. Norton Sound, 91-MRC-03, appeal filed 2/20/91;
  - Proposed Decision on Issues Other Than Telephone Lease issued 5/8/95; adopted 6/9/95;
  - Proposed Decision on Telephone Lease issued 11/8/95;
  - Remanded by Commissioner 12/13/95;
  - Proposed Decision on Remand issued 1/4/96;
  - Proposed Decision on Remand adopted 1/22/96.
4. Ketchikan General Hospital, 91-MRC-08, appeal filed 10/2/91;
5. Ketchikan General Hospital, 91-MRC-09, appeal filed 10/21/91;
  - Proposed Decision issued 1/9/96;
  - Remanded by Commissioner 2/14/96;
  - Proposed Decision on Remand issued 2/28/96;
  - Proposed Decision on Remand adopted 3/11/96.
6. St. Ann's Care Center, 95-au-02, appeal filed 2/17/95;
  - Proposed Decision issued 1/2/97;
  - Interim Decision and Order by Commissioner 2/5/97;
  - Order with Instructions on Remand by Commissioner 9/26/97;
  - Status after Remand: Post-hearing briefing schedule set (due 8/98); case stayed 7/29/98 pending outcome of decision in Wesley cases; status hearing 12/15/98.
7. Bartlett Memorial Hospital, 95-au-05, appeal filed 7/21/95;
8. Bartlett Memorial Hospital, 96-MRC-05, appeal filed 3/14/96;
  - Proposed Decision issued 1/14/97;
  - Order with Instructions on Remand issued 12/12/97;
  - Status after Remand: Order Granting Partial Summary Judgment on CON issue, issued 8/20/98; Evidentiary Hearing held 10/20/98-10/29/98;
  - Post-hearing briefing schedule to be set after transcript prepared.
9. North Star Hospital, 94-MRC-04, appeal filed 9/29/94;
10. North Star Hospital, 95-au-03, appeal filed 2/28/95;
11. North Star Hospital, 95-MRC-02, appeal filed 2/21/95;
12. North Star Hospital, 95-MRC-05, appeal filed 5/25/95;
  - Proposed Decision issued 3/27/98;
  - Interim Decision and Order by Commissioner 5/12/98;
  - Proposed Decision After Reconsideration issued 7/28/98;
  - Order of Remand by Commissioner 8/31/98;
  - Status after Remand: Briefing schedule has been set requiring parties to file supplemental briefs with affidavits by 3/5/99.
13. Norton Sound Hospital, 97-MRC-08, appeal filed 10/16/97;
  - Proposed Decision issued 12/31/98.

**LTC PER DIEM RATES  
FY 99**

<b>COLOCATED</b>	<b>FREE STANDING</b>	<b># BEDS</b>	<b>PER DIEM</b>
Sitka		8	\$569.09
Cordova		10	\$452.61
Quyaana Care (Nome)		15	\$429.21
Providence Kodiak Island		19	\$382.43
South Peninsula		20	\$345.73
Ketchikan		46	\$345.21
Wrangell		14	\$320.00
Denali		5	\$319.00
Petersburg		15	\$285.46
	St. Ann's	44	\$282.00
	Mary Conrad	89	\$237.00
	Wesley Rehab	66	\$233.99
	Providence Extended Care	224	\$215.00
	Heritage	45	\$183.11



Donna Herbert, owner

April 6, 1999

(907) 588-9585  
Fax 463-3773

105 Municipal Way  
Suite 304  
Juneau, Alaska  
99801

The Honorable Robin Taylor  
Alaska State Senate  
State Capitol  
Juneau, AK 99801

Re: Letter from Commissioner Perdue regarding  
SB 106 Testimony and reference to  
Valley Hospital Appeal Remands

Dear Sue:

Without reviewing the tape again to know when and why Senator Taylor remarked about Valley, I can only guess he was speaking off the cuff, and perhaps referred to the wrong facility. Enclosed is the list of the 13 proposed decisions since 1990 to December, 1998.

The issue at hand remains to be that out of the 13 decisions since 1994, 12 were in the facility's favor. Each one of those has been remanded, at least once. Norton Sound is the only one that was not remanded, and is the only decision that was *against* a facility.

What is relevant in Valley Hospital's appeals is that their 1997 Appeal, Case #97-MRC-02, is that the State appointed hearing examiner made the following findings of facts and comments:

- Affidavit lacks credibility
- Affidavits established a pattern by the agency of preparation and filing of inaccurate and incorrect exhibits . . . illustrating a lack of candor and apparent inability to competently perform the calculation.
- The exhibits submitted by the state has been shown to be inaccurate, unreliable, and to contain unsupported changes in the treatment of source data. The State made misrepresentations about exhibits in its opposition to Valley's motion. Representations made were untrue.
- Findings also indicated that unsupported statements conflict with the agency's past and present treatment. The supervisory's previous testimony is neither credible nor reliable. Agency's conduct is arbitrary and capricious.

Sue Mosgrove

April 6, 1999

Page 2

- Successive inaccurate exhibits, each with new allegations of its own "recently discovered" numerous mistakes, and the Staff's continuously changing positions of which patient data to include, illustrated a pattern of arbitrary and capricious conduct, with its sole purpose to attempt to defeat Valley's motion, by changing the data to be included in the calculation.
- Staff changes were deemed to be arbitrary and capricious efforts by the agency to manipulate the data.

To summarize many hidden unidentified changes were undisclosed, leading to misrepresentation of data, and included numerous errors.

Sincerely,

*Donna L. Herbert*  
Donna L. Herbert

*for*  
Enclosure

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110601  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465-3030  
FAX: (907) 465-3068

April 6, 1999

Honorable Robin Taylor  
Alaska State Senate  
State Capitol Room 30  
Juneau, Alaska 99801

Dear Senator Taylor:

Recently, you made comments on the floor of the Senate regarding the handling of Valley Hospital's Medicaid rate appeals by the Department of Health and Social Services. The statements were not correct and require clarification.

As you know, a hospital may appeal its Medicaid reimbursement rate, which is set annually. Upon review and hearing of the appeal, the Hearing Officer prepares a proposed decision and forwards it to me for review. I can either accept the decision as final or remand it back to the Hearing Officer for further work.

You stated on the floor that I have remanded the Valley appeal to the Hearing Officer five times. This is not the case. I have never remanded a Valley Hospital case to the Hearing Officer, and no proposed decisions with regard to Valley Hospital are awaiting my review or action. In fact, there has not been a proposed decision regarding a Valley Hospital appeal before a Commissioner for consideration in the past ten years.

You also made the point that Valley Hospital has been forced to repeatedly appeal the same issues to the Department regarding the setting of its Medicaid reimbursement rate. In the past ten years, Valley has appealed its rate five times. On two of these occasions the rate was settled. One appeal is currently on hold at the request of the facility. Two appeals are currently waiting to be scheduled before the Hearing Officer.

However, these appeals are not based on the same issue, as your remarks suggested. Because Valley gets a new reimbursement rate every year, each appeal is based upon new circumstances and financial issues. So long as the Department sets a new reimbursement rate for each facility each year, the potential for multiple appeals exists.

I know that there are problems with the rate setting and appeals process. Sometimes it does take too long for appeals to work through the system. On two occasions during the past four years, I did take additional time to consider proposed decisions and their subsequent remands. Both of these appeals focused on the Department's authority to audit health facilities and use the results of

Honorable Robin Taylor  
April 6, 1999  
Page Two

those audits to set the facility's Medicaid rate. Because audits are fundamental to controlling Medicaid facility costs, these appeals (and others like them) could cost the state millions of dollars. I believe the extra consideration of these proposed decisions was reasonable and prudent.

Thank you for your interest in this subject.

Sincerely,

A handwritten signature in cursive script that reads "Karen Perdue".

Karen Perdue  
Commissioner

cc: Senate Finance Committee  
Alaska State Hospital & Nursing Home Association

**SB**

**107**

**HFIN**

**FILE**

(11)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: April 27, 1999

FURTHER REFERRALS:

Date of Committee Action: 4/30/99

The FINANCE Committee considered:

CSSB 107(FIN)

CS FOR SENATE BILL NO. 107(FIN)

ABOLISH TOURISM MARKETING COUNCIL

"An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism Marketing Council; and providing for an effective date."

recommends it be replaced with the following committee substitute CS SB 107(FIN)  the same title  a new title

additional referral to \_\_\_\_\_ Committee

attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

2  fiscal note(s) HFC

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Greg Therrault</i>	Therrault	X			
<i>Edmund Mulder</i>	Mulder	X			
<i>Con Bunde</i>	Bunde			-	
<i>Vic Kohring</i>	Kohring			X	
<i>Alan Austman</i>	Austman	X			
<i>J. Davis</i>	J. Davis				X
<i>Grussendorf</i>	Grussendorf			X	
<i>J. Davis</i>	J. Davis			X	
<i>J. Foster</i>	Foster			X	

CO CHAIR'S SIGNATURE

*Greg Therrault*

*Edmund Mulder*

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. SB 107

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
Sponsor: SENATE Labor & Commerce Committee  
Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
BRU: Tourism  
Components: Tourism Development  
Serial #: \_\_\_\_\_

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	573.6	+100 400.0	400.0	400.0	400.0	400.0
Travel	71.1	+40 30.0	30.0	30.0	30.0	30.0
Contractual	1361.2	-200 5200.0	4700.0	4200.0	4200.0	4200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2077.9</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	1983.0	5700.0	5200.0	4700.0	4700.0	4700.0
Federal Fund	0.0	0.0	0.0	0.0	0.0	0.0
Other	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2077.9</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>

**POSITIONS:**

Full-Time	11	6	6	6	6	6
Part-Time	3	3	3	3	3	3
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

The Legislature intends to fund the QTA's marketing contract in a separate Component within the Tourism BRU in the FY 01 budget. For purposes of this fiscal note, the marketing contract is included in the Division of Tourism's contract line

See attached sheet for additional details.

Prepared by: House Finance Committee  
Eldon Mulder  
Gene Therriault

Date: 04/30/99  
Phone: 465-2647  
Phone: 465-4797

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. SB 107

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
 Sponsor: SENATE Labor & Commerce Committee  
 Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
 BRU: Tourism  
 Components: ATMC  
 Serial # \_\_\_\_\_

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	216.8					
Travel	53.4					
Contractual	4361.1					
Supplies	4.0					
Equipment	0.0					
Land & Structures	0.0					
Grants, Claims	0.0					
Miscellaneous	0.0					
<b>TOTAL OPERATING</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	3335.4					
Federal Fund	0.0					
Other	1299.9					
<b>TOTAL</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

Full-Time	3	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

Prepared by: House Finance Committee  
Eldon Mulder  
Gene Therriault

Date: 04/30/99  
 Phone: 465-2647  
 Phone: 465-4797

FISCAL NOTE

STATE OF ALASKA  
1999 Legislative Session

Bill Version: 3 SSB 107(FIN)  
(S) Publish Date: 4-23-99

Revision Date: 04/23/99  
Title: Abolish Alaska Tourism Marketing Council

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: ATMC

Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Component Serial No. \_\_\_\_\_

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	216.8	0.0	0.0	0.0	0.0	0.0
Travel	53.4	0.0	0.0	0.0	0.0	0.0
Contractual	4,361.1	0.0	0.0	0.0	0.0	0.0
Supplies	4.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	3,335.4	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	1,299.9	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1091 Designated Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

Full-time	3	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

Prepared By: SENATE FINANCE COMMITTEE

*Sean Parnell*

SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

*John Torgerson*

SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

FISCAL NOTE

1. 2

Bill Version: CS SB 107 (FIN)

(S) Publish Date: 4-23-99

STATE OF ALASKA  
1999 Legislative Session

Revision Date: 04/23/99  
Title: Abolish the Alaska Tourism Marketing Council  
Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: Tourism Development

Component Serial No. \_\_\_\_\_

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0
Travel	71.1	30.0	30.0	30.0	30.0	30.0
Contractual	1,361.2	5,200.0	4,700.0	4,200.0	4,200.0	4,200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	1,983.0	5,700.0	5,200.0	4,700.0	4,700.0	4,700.0
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
1108 Designated PR	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

POSITIONS	FY 00	FY01	FY02	FY03	FY04	FY05
Full-time	11	0	0	0	0	0
Part-time	3	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

Prepared By: SENATE FINANCE COMMITTEE

  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. SB 107

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
 Sponsor: SENATE Labor & Commerce Committee  
 Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
 BRU: Tourism  
 Components: Tourism Development  
 Serial #: \_\_\_\_\_

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0
Travel	71.1	30.0	30.0	30.0	30.0	30.0
Contractual	1361.2	5200.0	4700.0	4200.0	4200.0	4200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2077.9</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>

<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
----------------	------------	------------	------------	------------	------------	------------

<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
----------------	------------	------------	------------	------------	------------	------------

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	1983.0	5700.0	5200.0	4700.0	4700.0	4700.0
Federal Fund	0.0	0.0	0.0	0.0	0.0	0.0
Other	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2077.9</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>

**POSITIONS:**

Full-Time	11	6	6	6	6	6
Part-Time	3	3	3	3	3	3
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

The Legislature intends to fund the QTA's marketing contract in a separate Component within the Tourism BRU in the FY 01 budget. For purposes of this fiscal note, the marketing contract is included in the Division of Tourism's contract line

See attached sheet for additional details.

Prepared by: House Finance Committee  
Eldon Mulder  
Gene Therriault

Date: 04/30/99  
 Phone: 465-2647  
 Phone: 465-4797

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. SB 107

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
 Sponsor: SENATE Labor & Commerce Committee  
 Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
 BRU: Tourism  
 Components: ATMC  
 Serial # \_\_\_\_\_

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	216.8					
Travel	53.4					
Contractual	4361.1					
Supplies	4.0					
Equipment	0.0					
Land & Structures	0.0					
Grants, Claims	0.0					
Miscellaneous	0.0					
<b>TOTAL OPERATING</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	3335.4					
Federal Fund	0.0					
Other	1299.9					
<b>TOTAL</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

Full-Time	3	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

Prepared by: House Finance Committee  
Eldon Mulder  
Gene Therriault

Date: 04/30/99  
 Phone: 465-2647  
 Phone: 465-4797

**Fiscal Year 01 Differences**

Line Item	H/Fin	DCED	Diffs	Notes
Personal Services	400	569.2	169.2	differences lie in 3 positions: 2 project assistants and one publications specialist
Contractual	5200	4634.2	-565.8	DCED wishes to continue ALL of its current activities and transfers the General Funds allocated to the ATMC for the QTA marketing contract. H Fin deletes all marketing programs/contracts performed by DoT except for fixed costs and research funds. The QTA marketing contract is set at 5,000.0 for FY 01.
Travel	30	68.1	38.1	difference is based on the disparate number of professional staff and their respective travel necessities. Again, DCED wishes to continue to perform their current functions.
Supplies	10	12	2	H Fin assumes fewer staff, fewer supplies needed.

In general, the differences between H Finance and the Department's fiscal notes boil down to the number of professional staff. DCED's note comes up with a lower bottom line number in FY01 by underfunding the marketing contract with the QTA. Sponsors envision a 5,000.0 contract in FY01. DCED reads the Millenium Plan differently and transfers all marketing dollars to the QTA's contract. This is only 3,335.4. That number comes from the amount of the State's current contribution to the ATMC.

Also, DCED is basing their additional contractual duties on the assumption that they will continue to develop tourism markets and attractions/destinations within the state. The distinction between developing attractions/destinations in Alaska versus developing markets (ie-overseas markets such as Korea or China) is crucial to the meaning/intent behind this bill. Unless the Legislature wishes to continue developing markets, there is no reason for the Department to continue a portion of its activities. This is why our position count does not include the two project assistants.

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. SB 107

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
Sponsor: SENATE Labor & Commerce Committee  
Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
BRU: Tourism  
Components: Tourism Development  
Serial # \_\_\_\_\_

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0
Travel	71.1	30.0	30.0	30.0	30.0	30.0
Contractual	1361.2	5200.0	4700.0	4200.0	4200.0	4200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2077.9</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>

<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
----------------	------------	------------	------------	------------	------------	------------

<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
----------------	------------	------------	------------	------------	------------	------------

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	1983.0	5700.0	5200.0	4700.0	4700.0	4700.0
Federal Fund	0.0	0.0	0.0	0.0	0.0	0.0
Other	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2077.9</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>

**POSITIONS:**

Full-Time	11	6	6	6	6	6
Part-Time	3	3	3	3	3	3
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

The Legislature intends to fund the QTA's marketing contract in a separate Component within the Tourism BRU in the FY 01 budget. For purposes of this fiscal note, the marketing contract is included in the Division of Tourism's contract line

See attached sheet for additional details.

Prepared by: House Finance Committee  
Eldon Mulder  
Gene Therriault

Date: 04/30/99  
Phone: 465-2647  
Phone: 465-4797

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. SB 107

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
 Sponsor: SENATE Labor & Commerce Committee  
 Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
 BRU: Tourism  
 Components: ATMC  
 Serial # \_\_\_\_\_

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	216.8					
Travel	53.4					
Contractual	4361.1					
Supplies	4.0					
Equipment	0.0					
Land & Structures	0.0					
Grants, Claims	0.0					
Miscellaneous	0.0					
<b>TOTAL OPERATING</b>	4635.3	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>REVENUE</b>	0.0	0.0	0.0	0.0	0.0	0.0

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	3335.4					
Federal Fund	0.0					
Other	1299.9					
<b>TOTAL</b>	4635.3	0.0	0.0	0.0	0.0	0.0

**POSITIONS:**

Full-Time	3	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

Prepared by: House Finance Committee  
Eldon Mulder  
Gene Therriault

Date: 04/30/99  
 Phone: 465-2647  
 Phone: 465-4797

FISCAL NOTE

STATE OF ALASKA  
1999 Legislative Session

Bill Version: 3 CSSB 107(FIN)  
(S) Publish Date: 4-23-99

Revision Date: 04/23/99  
Title: Abolish Alaska Tourism Marketing Council  
Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: ATMC  
Component Serial No. \_\_\_\_\_

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	216.8	0.0	0.0	0.0	0.0	0.0
Travel	53.4	0.0	0.0	0.0	0.0	0.0
Contractual	4,361.1	0.0	0.0	0.0	0.0	0.0
Supplies	4.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	3,335.4	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	1,299.9	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1091 Designated Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS


POSITIONS	FY 00	FY01	FY02	FY03	FY04	FY05
Full-time	3	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

Prepared By: SENATE FINANCE COMMITTEE

  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

FISCAL NOTE

1. 2

Bill Version: CSSB 107 (FIN)

(S) Publish Date: 4-23-99

STATE OF ALASKA  
1999 Legislative Session

Revision Date: 04/23/99  
Title: Abolish the Alaska Tourism Marketing Council

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: Tourism Development

Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Component Serial No. \_\_\_\_\_

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05	
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0	
Travel	71.1	30.0	30.0	30.0	30.0	30.0	
Contractual	1,361.2	5,200.0	4,700.0	4,200.0	4,200.0	4,200.0	
Supplies	12.0	10.0	10.0	10.0	10.0	10.0	
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0	
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL OPERATING</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0	

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0						
1003 GF Match	0.0						
1004 GF	1,983.0	5,700.0	5,200.0	4,700.0	4,700.0	4,700.0	
1005 GF/Program Receipts	0.0						
1037 GF/Mental Health	0.0						
1108 Designated PR	94.9	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	

Estimate of any current year (FY99) costs: 0.0

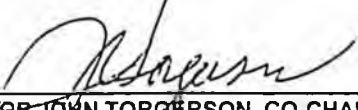
POSITIONS						
Full-time	11	0	0	0	0	0
Part-time	3	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

Prepared By: SENATE FINANCE COMMITTEE

  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

FISCAL NOTE

STATE OF ALASKA  
1999 Legislative Session

Bill Version: 3  
(S) Publish Date: 0SSB 107(FIN)  
4-23-99

Revision Date: 04/23/99  
Title: Abolish Alaska Tourism Marketing Council  
Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: ATMC  
Component Serial No. \_\_\_\_\_

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	216.8	0.0	0.0	0.0	0.0	0.0
Travel	53.4	0.0	0.0	0.0	0.0	0.0
Contractual	4,361.1	0.0	0.0	0.0	0.0	0.0
Supplies	4.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	3,335.4	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	1,299.9	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1091 Designated Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

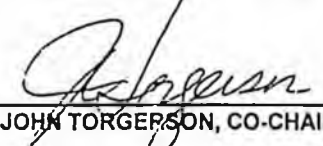
POSITIONS	FY 00	FY01	FY02	FY03	FY04	FY05
Full-time	3	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

Prepared By: SENATE FINANCE COMMITTEE

  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

FISCAL NOTE

STATE OF ALASKA  
1999 Legislative Session

Bill Version: CSRB 107 (FIN)  
(S) Publish Date: 4-23-99

Revision Date: 04/23/99  
Title: Abolish the Alaska Tourism Marketing Council

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: Tourism Development

Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Component Serial No. \_\_\_\_\_

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0
Travel	71.1	30.0	30.0	30.0	30.0	30.0
Contractual	1,361.2	5,200.0	4,700.0	4,200.0	4,200.0	4,200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	1,983.0	5,700.0	5,200.0	4,700.0	4,700.0	4,700.0
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
1108 Designated PR	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

Full-time	11	0	0	0	0	0
Part-time	3	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: SENATE FINANCE COMMITTEE

  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

FISCAL NOTE

3

Bill Version: CSB 107(FIN)  
 (S) Publish Date: 4-23-99

STATE OF ALASKA  
 1999 Legislative Session

Revision Date: 04/23/99  
 Title: Abolish Alaska Tourism Marketing Council  
 Sponsor: Senate Labor and Commerce Committee  
 Requester: Senate Finance Committee

Dept. Affected: Commerce and Economic Dev.  
 BRU: Tourism  
 Component: ATM  
 Component Serial No. \_\_\_\_\_

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	216.8	0.0	0.0	0.0	0.0	0.0
Travel	53.4	0.0	0.0	0.0	0.0	0.0
Contractual	4,361.1	0.0	0.0	0.0	0.0	0.0
Supplies	4.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	3,335.4	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	1,299.9	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1091 Designated Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

POSITIONS	FY 00	FY01	FY02	FY03	FY04	FY05
Full-time	3	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

Prepared By: SENATE FINANCE COMMITTEE

*Sean Parnell*

SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
 Phone: 465-2995

*John Torgerson*

SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
 Phone: 465-2828

FISCAL NOTE

STATE OF ALASKA  
1999 Legislative Session

Bill Version: CS SB 107 (FIN)  
(S) Publish Date: 4-23-99

Revision Date: 04/23/99  
Title: Abolish the Alaska Tourism Marketing Council  
Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: Tourism Development

Component Serial No. \_\_\_\_\_

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0
Travel	71.1	30.0	30.0	30.0	30.0	30.0
Contractual	1,361.2	5,200.0	4,700.0	4,200.0	4,200.0	4,200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	1,983.0	5,700.0	5,200.0	4,700.0	4,700.0	4,700.0
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
1108 Designated PR	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

Full-time	11	0	0	0	0	0
Part-time	3	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: SENATE FINANCE COMMITTEE

  
\_\_\_\_\_  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

  
\_\_\_\_\_  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

# **The New Millennium Plan**

*A Concept for the Future of Tourism in Alaska*

**Alaska Travel Industry Association  
Organizational Outline**

Revised December 1998

# Alaska Travel Industry Association

*A New Concept for the Future*

## A. OVERVIEW

Presented in this document is an industry-led initiative to regain Alaska's competitive position as a visitor destination and to consolidate Alaska's statewide tourism organizations – the Alaska Tourism Marketing Council, the Alaska Visitors Association, and the marketing functions of the Alaska Division of Tourism – into one new, non-profit organization.

This streamlined structure is the industry's solution to several issues facing Alaska tourism: greatly reduced government funding, continued threats of industry taxes, increased competition from other destinations, and a decline in the rate of visitor growth. Without a renewed effort to regain our position in the marketplace, the downward trends will continue.

Rather than continue to watch Alaska's marketing decline further, the tourism industry has taken a proactive approach to deal with the problem. Under this plan, the industry would greatly increase its marketing contribution and the State would continue to provide a core level of funding through a fee-for-services contract with the new non-profit organization. After a phase-in period, the goal is to raise a minimum of \$10 million, with \$6 million coming from the private sector and \$4 million coming from the State. This represents a 25 percent reduction in state general funds and a more than 300 percent increase in private sector funds.

## B. A NEW ORGANIZATION

Dissolve the Alaska Tourism Marketing Council, the Alaska Visitors Association, and the marketing functions of the Alaska Division of Tourism. In their place, create a new statewide organization that would accomplish much of what is being done by all three, while realizing efficiencies from streamlining. While all the marketing functions would be consolidated, the Division of Tourism (DoT) would remain a separate entity within state government for planning, government coordination and advocacy.

Within the organization, there would be three major program areas. A board of directors would set overall policy and budget, overseeing the Tourism Industry Services, Administration and Marketing functions. The marketing program would be implemented by a professional staff at the direction of the Alaska Travel Industry Association board of directors or a committee thereof. It is intended that developmental programs aimed at expanding fall/winter/spring, highway travel, and international markets would continue.

**Marketing Membership Dues**

Based on peak-season employee counts, as follows:

<u># of Employees</u>	<u>Amount</u>
< 5	\$200
5-15	300
16-50	500
51-100	1,000
101-300	2,000
301-500	3,000
501-1,000	4,000
1000+	5,000

**Cruise Lines**

In addition to the membership fees, cruise lines would pay a voluntary assessment based on their percentages of the total Alaska cruise market. The formula-based assessment would be phased in over a three-year period, with a funding goal of \$2 million in the third year.

<u>Company's Alaska passenger cruise days*</u>	x \$1.0 million in FY01
<u>Total passenger cruise days* in Alaska market</u>	x \$1.5 million in FY02
	x \$2.0 million in FY03

See Appendix for contributions beyond FY03.

**Destination Marketing Organizations and Communities**

Local destinations would have the opportunity to dovetail with the state program as a community partner and leverage their marketing dollars with the Visit Alaska efforts. In addition to the membership benefits, participating destinations would receive additional marketing and promotion tools for their communities, such as advertising and label discounts.

Partnering communities and destination marketing organizations (DMOs) would receive benefits such as:

- Participation in press trips coming to Alaska
- 25 percent discount on mailing labels
- Editorial coverage in marketing materials
- Convention and meeting leads
- Vacation Planner advertising\*
  - Buy-ins between \$500-\$4,000 receive a narrative ad
  - Buy-ins between \$4,000-\$7,000 receive a 2" color display ad
  - Buy-ins between \$7,000-\$30,000 receive a ¼ page display ad
  - Buy-ins above \$30,000 receive a ½ page display ad
  - Opportunity to access Pay-to-Play and all other cooperative marketing programs

\*Based on community buy-in at FY01 level see Appendix for further details.

- State Vacation Planner ads
- Sector Guide ads, such as highway travel, winter guide, sportfishing guide
- Mailing label and film footage access
- Trade Show participation, both international and domestic
- Newspaper cooperative ads, Internet ads and link purchase
- Brochure distribution
- Trade promotion, media events, and fairs participation
- Research
- Meeting and workshop registrations

### E. STATE PARTICIPATION

The State's responsibility to assist Alaskan businesses with economic development and growth dictates a need to help level the playing field for Alaska's tourism industry as we compete against other destinations receiving millions of dollars from their own states' general funds. In addition, the tourism industry's direct contributions to government (over \$123 million in taxes and fees to state and local governments in 1995) demonstrate that funds spent on tourism promotion are a long-term investment which would come back to the state in increasing amounts as the industry continues to grow.

The state fee-for-service contract of \$4 million represents a 25 percent decrease from current state general fund spending on tourism programs and a 40 percent decrease in total tourism program spending. This decrease would be phased in over a three-year period as the private sector's contributions increase.

The new, non-profit Alaska Travel Industry Association would contract with the State of Alaska to provide marketing services, which may include:

- Producing and distributing a state vacation planner or other materials
- Producing and maintaining a tourism web site
- Responding to visitor inquiries received by the state
- Including state information such as border crossings, hunting/fishing licenses, and road conditions in visitor publications and on the Internet
- Support to communities just beginning tourism development

#### **Division of Tourism**

A separate Division of Tourism within the Department of Commerce and Economic Development (DCED) would be maintained for governmental coordination, state policy development, business development, advocacy, planning, and any visitor information centers. The DoT would also serve as a liaison to the new organization and enter into the marketing contract with ATIA.

H. TIMELINE

Implementation of this proposal would require approximately one full transition year, beginning in 1999. A transition team comprising representatives from the ATMC, AVA, State of Alaska, Destination Marketing Organizations, and Alaska Wilderness Tourism & Recreation Association was formed in July 1998 to write bylaws, incorporate the new organization, and facilitate the election of the first board of directors. The directors of each of the existing organizations (AVA, ATMC, and DoT) also serve as advisors to this transition team.

To ensure a smooth transition, the three current organizations would continue to operate concurrently with the new organization for a period of 6 to 12 months. On or before July 1, 2000, the new organization would officially take over the marketing functions currently served by the existing organizations. Once seated, the Alaska Tourism Industry Association Board of Directors would hire the Chief Staff Executive. Staff of the current organizations would be given first priority for positions with the new organization.

**1998**

January	Revised plan distributed to travel and tourism businesses statewide for approval
March	Legislation introduced
May	Legislature adjourns before enacting plan
July	Transition team formed to begin work on bylaws and articles of incorporation

**1999**

Winter	New legislation introduced
Spring	Transition team coordinates election of first board of directors
July 1	New organization begins initial operations

**2000**

Spring	Full plan takes effect: marketing duties of ATMC and DoT are transferred to new organization and AVA and ATMC are dismantled.
--------	---

# Background

## BUILDING ON OUR SUCCESS

### **History of Cooperative Marketing in Alaska**

Cooperative Marketing in Alaska really began with the creation of the Alaska Visitors Association (AVA) in 1950. The major emphasis of the association was promotion, including production of the *Alaska Yukon Travel Manuals*. In fact, between 1959 and 1970, AVA was known as the Alaska Travel Promotion Association and worked on marketing projects with the Division of Tourism after it was formed in the '60s.

In 1976 the first formal cooperative tourism marketing efforts between the State of Alaska and the tourism industry began, when AVA approached the state with an innovative proposal to co-mingle private and state funds to draw visitors to Alaska. The idea was simple: combine funding from the state with money, marketing talent, and knowledge contributed by the private industry to build a program to promote the entire state as a destination. Program recommendations were provided by the Alaska Visitors Association Marketing Council and implemented by the Division of Tourism.

### **A Model Program**

This melding of industry and state tourism efforts went a step further with legislation passed in 1988 to form the Alaska Tourism Marketing Council (ATMC). Jointly managed by the state and AVA, the ATMC oversees promotion of Alaska to the domestic and Canadian markets, while the State Division of Tourism (DoT) manages the international marketing efforts for Alaska.

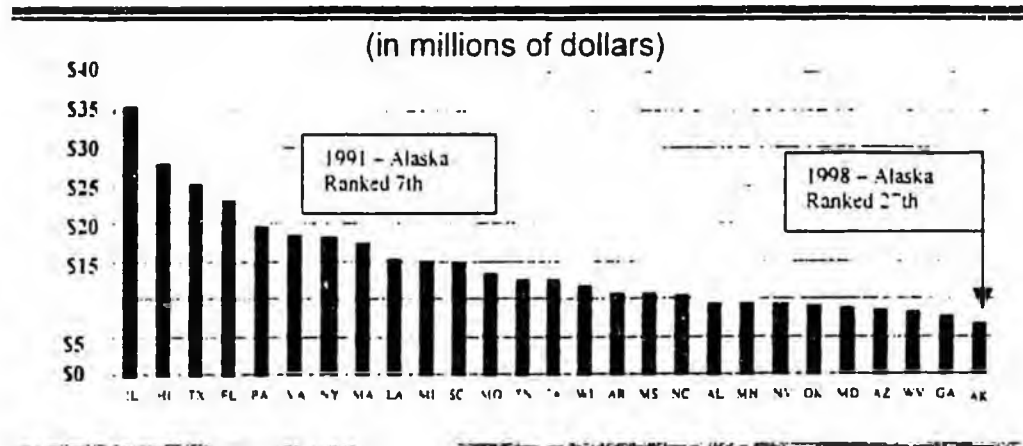
This unique program has created a consistent, high-quality marketing plan that has bolstered industry expansion efforts, as evidenced by the phenomenal growth in the number of visitors to the state. For many years, Alaska's sophisticated marketing techniques and public-private structure served as a model for other destinations. The marketing materials produced were award-winning.

## TOURISM IN TRANSITION

### **Alaska is Losing Ground**

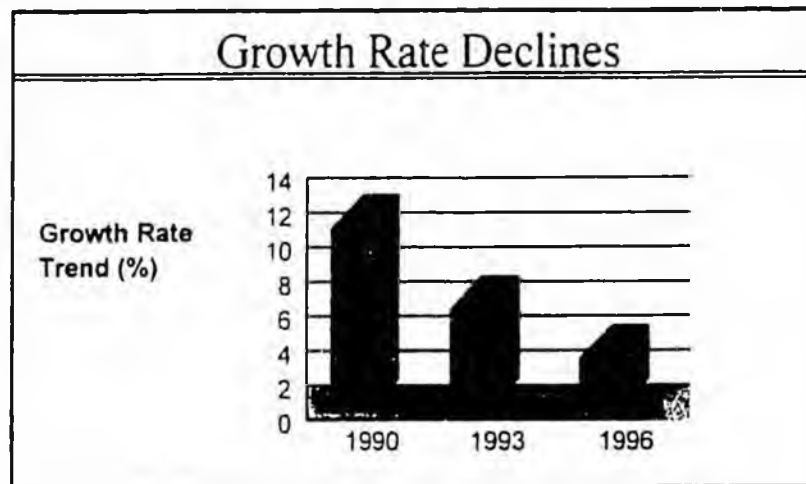
Since 1989, state funding for tourism programs has declined nearly 60 percent, from \$15 million in FY90 to under \$6.7 million in FY99. At the same time, other states have *increased* their tourism promotion by 26 percent in the last five years.

## Top 27 State Tourism Budgets, 1998



### Growth Rate is Declining

Alaska's relative decline in marketing competitiveness is being felt within the industry. While overall visitor numbers have continued to rise, the rate of growth has slowed. Some segments of the industry, most notably highway-dependent businesses, have felt the first effects of decline.



### Visitor Industry Taxes and Fees Increase

Between 1992 and 1995, state taxes paid by visitors and visitor industry businesses increased by 99 percent, fees by 62 percent, and other revenue assessments by 6 percent. Despite these increases, general fund dollars going back to the industry *decreased* by over \$2 million – the equivalent of a 24 percent decrease during the same period of time.

### Industry Attitudes Surveyed

The AVA surveyed its members in July 1997 to gauge the opinions and attitudes toward various funding and organization scenarios. As a result of this survey, four general points of agreement were clear:

- Members strongly believe a statewide tourism marketing program is needed.
- Members strongly believe the state has a role to play in providing funds for tourism promotion.
- Members oppose additional taxes focused on the visitor industry for the purpose of funding general government.
- Two out of three members believe some sort of assessment or fee should be used to support tourism marketing, although there is no consensus about what specific option should be implemented.

### Developing A Concept

After researching funding alternatives and studying the survey results, the AVA board of directors contacted convention & visitors bureaus, government officials, and other industry leaders for input and ideas. When all of this information was taken into account, an outline of what was desired emerged. A plan was designed to accomplish the following:

- Shift marketing efforts to a private entity that combines the activities of the Division of Tourism and Alaska Tourism Marketing Council
- Return Alaska's marketing efforts to a competitive position
- Reach a goal of \$10 million for marketing
- Utilize pay-to-play programs
- Increase private sector funding while state general funds decrease under a phased-in approach
- Increase participation from businesses

### New Millennium Plan Takes Shape

This concept was first presented to 650 industry members during the October 1997 AVA convention. There was general consensus for the proposal as outlined, both during the meeting and in follow-up questionnaires. Convention & visitors bureaus, tourism associations, chambers of commerce, and other organizations arranged meetings to distribute and debate the proposal. The administration and members of the Legislature were briefed and the details of the proposal were published in AVA's newsletter and other print media statewide. A number of changes were made to the draft based on feedback.

In January 1998 a revised plan was mailed to 3,000 tourism businesses statewide in order for them to determine if the plan should be further developed for presentation to the Legislature. Eighty-five percent of respondents recommended moving forward with the plan.

Legislation to implement much of the plan was introduced in 1998 and was passed by both the House and Senate, but failed to reach a final concurrence vote. The industry continued to actively support the legislation, communicating support to their legislators and AVA. A transition team formed in July 1998 to begin working on the details of implementing the plan. The team presented proposed changes to the 1998 AVA convention delegation and, based on their feedback, revised the plan to this present form for increased industry distribution and comment throughout the fall/early winter of 1998/1999.

Community	%	Estimated Contribution FY01	Estimated Contribution FY02	Estimated Contribution FY03
Anchorage	32%	\$160,000	\$240,000	\$400,000
Fairbanks	9%	45,000	67,500	112,500
Juneau	8%	40,000	60,000	100,000
Denali	6%	30,000	45,000	75,000
Ketchikan	5%	25,000	37,500	62,500
Skagway	5%	25,000	37,500	62,500
Kenai / Soldotna	3%	15,000	22,500	37,500
Sitka	2%	10,000	15,000	25,000
Homer	2%	10,000	15,000	25,000
Seward	2%	10,000	15,000	25,000
Valdez	2%	10,000	15,000	25,000
Other Communities*	24% combined			

\*Individual community percentages not available, but each receives less than 2 percent of total visitor expenditures

# FISCAL NOTE

**STATE OF ALASKA**  
**1999 LEGISLATIVE SESSION**

BILL NO. CSSB107(FIN) revisi

Revision Date/Time (Note if correction) _____	Dept. Affected	DCED
Title <u>An Act relating to tourism and tourim marketing; eliminating the ATMC</u>	BRU	Tourism
Sponsor <u>Mackie</u>	Component	Tourism Development
Requester <u>House Finance</u>	Component Serial No.	<u>1026</u>

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	216.8	0.0	0.0	0.0	0.0	0.0
Travel	53.4	0.0	0.0	0.0	0.0	0.0
Contractual	4,361.1	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>4,631.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	0.0					
-----------------------------	-----	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	3,331.4					
1005 GF/Program Receipts	1,299.9					
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>4,631.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) cost: 0.0

**POSITIONS**

Full-time	(3)	(3)	(3)	(3)	(3)
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by <u>Tom Lawson, Director</u>	Phone <u>465-2506</u>
Division <u>Administrative Services</u>	Date/Time <u>4/30/99 12:48 PM</u>
Approved by Commissioner <u>Deborah B. DeSnick</u>	Date <u>4/30/99</u>
Agency <u>Commerce and Economic Development</u>	

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA**  
**1999 LEGISLATIVE SESSION**

**BILL NO. CSSB107 (FIN) revis**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected DCED  
 Title An Act relating to tourism and tourism marketing; BRU Tourism  
eliminating the ATMC Component Tourism Development  
 Sponsor Mackie  
 Requester House Finance Component Serial No. 2278

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	673.6	569.2	569.2	569.2	569.2	569.2
Travel	71.1	68.1	68.1	68.1	68.1	68.1
Contractual	1,381.2	4,634.2	4,134.2	3,634.2	3,634.2	3,634.2
Supplies	12.0	12.0	12.0	12.0	12.0	12.0
Equipment						
Land & Structures						
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>2,197.9</b>	<b>5,343.5</b>	<b>4,843.5</b>	<b>4,343.5</b>	<b>4,343.5</b>	<b>4,343.5</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>					
-----------------------------	------------	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	2,103.0	5,343.5	4,843.5	4,343.5	4,343.5	4,343.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Stat. Designated PR	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2,197.9</b>	<b>5,343.5</b>	<b>4,843.5</b>	<b>4,343.5</b>	<b>4,343.5</b>	<b>4,343.5</b>

Estimate of any current year (FY99) cc 2,197.9

**POSITIONS**

Full-time	11	8	8	8	8	8
Part-time	3	3	3	3	3	3
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Eliminates 3 positions in the Division of Tourism Inquiry Section in FY01.

This fiscal note is based on current levels of state funding for tourism development and marketing and changes envisioned in the "New Millennium Plan".

Includes one time contractual cost of 20.0 in FY00 to conduct a feasibility study on the contracting out of the inquiry section function, "determining the potential costs and benefits which would result from contracting out the work in question," per Article 13 of the GGU Agreement.

For FY2000, there is a separate fiscal note for the ATMC.

Prepared by Tom Lawson, Director Phone 465-2506  
 Division Administrative Services Date/Time 4/30/99 12:56 PM  
 Approved by Commissioner Deborah B. Medwick Date 4/30/99  
 Agency Commerce and Economic Development

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information, call the Governor's Legislative Office

**Alaska Department of Commerce and Economic Development, Division of Tourism  
SB 107/HB 136 Fiscal Note Details**

	FY 2001	FY02	FY03	FY04	FY05
<b>Personal Services</b>	569.2 Reduction of \$321.2 from FY00 Division and ATMC.	569.2	569.2	569.2	569.2
<b>Tok APLIC</b>					
Admin Clerk I	13.9 Part time	13.9	13.9	13.9	13.9
Admin Clerk I	13.6 Part time	13.6	13.6	13.6	13.6
Admin Clerk I	15.3 Part time	15.3	15.3	15.3	15.3
Admin Clerk III	50.5 Full time	50.5	50.5	50.5	50.5
<b>Juneau</b>					
Director	98.4	98.4	98.4	98.4	98.4
Admin Manager I	48.4 Share w/ DTD	48.4	48.4	48.4	48.4
Secretary I	38.4 Share w/ DTD	38.4	38.4	38.4	38.4
Dev Spec I	72.3 See attached sheet for descriptions and activities of these four positions.	72.3	72.3	72.3	72.3
Dev Spec I	72.6	72.6	72.6	72.6	72.6
Proj. Asst.	54.7	54.7	54.7	54.7	54.7
Proj. Asst.	54.7	54.7	54.7	54.7	54.7
Pub. Specialist	36.4 More than 50% shared & funded by other divisions and independent agencies	36.4	36.4	36.4	36.4
<b>Travel</b>	68.1 Travel throughout Alaska for 5 professional staff to support community tourism development, meet with other state and federal counterparts; a \$56.1 reduction from FY00 for DOT & ATMC 7 professional staff.	68.1	68.1	68.1	68.1
<b>Grants</b>	60.0 Rural Tourism Center	60.0	60.0	60.0	60.0
<b>Supplies</b>	12.0 Office and data processing supplies in Juneau and Tok offices.	12.0	12.0	12.0	12.0
<b>Contractual</b>					
Tourism North	331.0 Alaska's contribution to the cooperative highway promotion program with the Yukon and British Columbia.	331.0	331.0	331.0	331.0
N. American Travel Trade	47.3 Work with Alaska tour operators and suppliers, destinations, and travel agents to increase Alaska travel experiences in tour offerings.	47.3	47.3	47.3	47.3
International	640.0 Contract representatives in Japan, Korea, Taiwan, Australia, United Kingdom and Western Europe.	640.0	640.0	640.0	640.0
Research	195.4 Annual conversion study and annualized Alaska Visitor Statistics Program	195.4	195.4	195.4	195.4
Fixed costs	385.1 Chargebacks, leases, phone, printing. Reduced \$153.3 from FY00.	385.1	385.1	385.1	385.1
<b>Subtotal, all contractual</b>	4,634.2	4,134.2	3,634.2	3,634.2	3,634.2
<b>Total Tourism</b>	5,343.5	4,843.5	4,343.5	4,343.5	4,343.5

\*A portion of Division contractual is transferred to the QTA assuming they agree to conduct those marketing components. The subtotal increases because research previously part of the ATMC budget is transferred to the Division. FY99 and FY00 ATMC state contribution is \$3,335.4; 25% industry contribution/PR is \$1,299.9.4; industry contribution is taken off budget beginning FY01. Total FY99 and FY00 state funding for tourism is \$5,533.3. Per the Millennium Plan, the State's contribution is reduced approximately \$300.0 in FY01 and \$500.0 each year in FY02 and FY03 and then stabilizes.

**Division of Tourism  
State Tourism Development and Coordination**

**Purpose**

The purpose of these four professional positions is to assist Alaska businesses and communities in developing opportunities in the tourism industry. This is accomplished by providing a range of expertise in the fields of business and management in order to enhance, stabilize and diversify the economy, thereby creating opportunities for Alaskans. In order to address prior year budget reductions, two higher range positions were reclassified to project assistants. Pairs comprised of one development specialist and one project assistant work together to more effectively accomplish the large workload at a lower cost. One pair focuses on planning, transportation and access, and working with other state and federal agencies. The other pair focuses on assisting small businesses and communities develop products. Some of the major activities of the four professional positions are described below.

1) Development Specialist and Project Assistant

- Consult with small businesses and communities on tourism development opportunities including feasibility studies for implementation of a tourism program based on limited community resources.
- Work with convention and visitor bureaus statewide, providing technical assistance, coop-marketing opportunities cross promotion, and membership meetings/consultation.
- Provide technical assistance to communities, nonprofit organizations, and individual businesses desiring guidance in the development and implementation of economic development programs related to tourism.
- Provide technical assistance by meeting with the private sector to discuss proposals for tourism attractions and facilities on public lands
- Serve as counsel, on development issues, to public and private sectors of the visitor industry. This includes Convention and Visitors Bureaus, Chambers of Commerce, various State offices, trade associations, and the industry representatives.
- Analyze and address the potential for economic development created by tourism throughout the state, coordinate with federal and state agencies, and work with community groups and private sector organizations to expand the visitor industry.
- Participate in land use decision-making processes to insure consideration of tourism issues; serve as a liaison to other public agencies whose activities affect division functions and to discuss proposals for tourism attractions and facilities with those agencies.

- Liaison to the Rural Tourism Center.

## 2) Development Specialist and Project Assistant

- Work with existing businesses in developing new tourism products and new or improved offerings, and getting more exposure in key markets.
- Coordinate with the State of Alaska's overseas trade contractors in Japan, Korea and Taiwan to increase exposure of rural Alaska tourism opportunities and rural Alaska arts and crafts export products. Assist in the produce of informational materials about rural tourism and export products in the language of the host countries and promotional activities. Alaska's overseas contractors can facilitate the opening of rural Alaska to more commerce with the major Asian markets.
- Coordination of Top of the World (Alaska) travel agent training to train travel agents and wholesale packagers of Alaska travel products.
- Coordination of Alaska Travel Fair where wholesale packagers are brought to Alaska to meet with small businesses that can not afford to attend trade show or travel on trade missions. The most recent fair provided Alaska businesses access to more than 50 tour operators from Europe, North America, Asia and Australia/New Zealand.
- Primary contact for North American tour operators offering Alaska tour products; provide referrals to businesses in Alaska.
- Meet regularly with key decision makers in the international tourism markets, including tour operators, airline officials, and government agencies, regarding the development and promotion of Alaska as a visitor destination.
- Assist in developing business plans, feasibility analyses, and funding packages leading to the development of new or upgraded visitor attraction/activity/destination in Alaska.
- Oversee contracts for tourism research including the Alaska Visitor Statistics Program.
- Coordinates development efforts for direct air service, supports promotional campaigns for increased highway traffic, cruise ship capacity, Alaska Railroad and Alaska Marine Highway utilization. These are executed in coordination with Alaska's foreign offices as well as working closely and cooperatively with Alaska convention and visitor bureaus, trade associations, and other destination marketing organizations.
- Work cooperatively with airlines worldwide is required of this position to develop new and improved access to Alaska.

- Maintain resource library on domestic and international tourism data, contacts and materials.
- Serve on the Visitor Center Committee overseeing the operation of the Alaska Public Lands Information Centers (APLIC). This also involves planning exhibits, training staff, and coordinating projects that serve visitors.

**SB**

**107**

**SFIN**

**FILE**

4/22/99

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/1/99

FURTHER:

DATE TURNED IN TO OFFICE: 4/22/99

Finance Committee considered

SENATE BILL NO. 107

"An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism Marketing Council; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 107 (FIN)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s) forthcoming
- adopt Letter of Intent by \_\_\_\_\_
- further referral to the \_\_\_\_\_

- Senate Bill:  same title  
 new title  
House Bill:  same title  
 technical title  
 new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>			<input checked="" type="checkbox"/>
Co-Chair: <i>[Signature]</i>	<input checked="" type="checkbox"/>	Co-Chair: _____			
Co-Chair: _____		Co-Chair: <i>[Signature]</i>	<input checked="" type="checkbox"/>		

### NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>forthcoming</i>			
<i>F/N</i>			

### PREVIOUS FISCAL NOTE(S):\*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

FISCAL NOTE

4/22/99

STATE OF ALASKA  
1999 Legislative Session

BILL NO. SB 107

Revision Date: 04/23/99  
Title: Abolish Alaska Tourism Marketing Council

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: ATMC

Sponsor: Senate Labor and Commerce Committee  
Requestor: Senate Finance Committee

Component Serial No. \_\_\_\_\_

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	216.8	0.0	0.0	0.0	0.0	0.0
Travel	53.4	0.0	0.0	0.0	0.0	0.0
Contractual	4,361.1	0.0	0.0	0.0	0.0	0.0
Supplies	4.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	3,335.4	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	1,299.9	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1091 Designated Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4,635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

Full-time	3	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: SENATE FINANCE COMMITTEE

*Sean Parnell*  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

*John Torgerson*  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

FISCAL NOTE

REPORTED OUT OF

SSC 4/22/99

STATE OF ALASKA  
1999 Legislative Session

BILL NO. SB 107

Revision Date: 04/23/99  
Title: Abolish the Alaska Tourism Marketing Council  
Sponsor: Senate Labor and Commerce Committee  
Requester: Senate Finance Committee

Dept. Affected: Commerce and Economic Dev.  
BRU: Tourism  
Component: Tourism Development  
Component Serial No.:

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY01	FY02	FY03	FY04	FY05
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0
Travel	71.1	30.0	30.0	30.0	30.0	30.0
Contractual	1,361.2	5,200.0	4,700.0	4,200.0	4,200.0	4,200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES [ ]	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	1,983.0	5,700.0	5,200.0	4,700.0	4,700.0	4,700.0
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
1108 Designated PR	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2,077.9</b>	<b>5,700.0</b>	<b>5,200.0</b>	<b>4,700.0</b>	<b>4,700.0</b>	<b>4,700.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

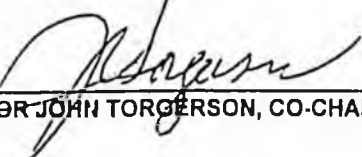
POSITIONS	FY 00	FY01	FY02	FY03	FY04	FY05
Full-time	11	0	0	0	0	0
Part-time	3	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: SENATE FINANCE COMMITTEE

  
SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/23/99  
Phone: 465-2995

  
SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/23/99  
Phone: 465-2828

SENATE FINANCE COMMITTEE  
1999 COMMITTEE ACTION

Bill Number:	SB 107
Amendment:	fiscal note
Motion:	draft a new
<u>Motion by:</u>	Phillips
<u>Objection</u>	
<u>Objection by:</u>	Adams
<u>Removed</u>	
<u>Second Objection by</u>	
<u>Committee Member</u>	<u>Vote</u>
Senator Gary Wilken	0
Senator Pete Kelly	0
Senator Lyda Green	0
Senator Randy Phillips	0
Senator Dave Donley	1
Senator Loren Leman	2
Senator Al Adams	2
Co-Chair Sean Parnell	1
Co-Chair John Torgerson	0
<u>Tally</u>	
Yea	0 5
Nay	0 2
Absent	0 2
<u>MOTION</u>	Pass

# DRAFT

## FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. HB 136

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
Sponsor: REPRESENTATIVE Gene Thernhault  
Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
BRU: Tourism  
Components: Tourism Development  
Serial #: \_\_\_\_\_

### EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	573.6	400.0	400.0	400.0	400.0	400.0
Travel	71.1	30.0	30.0	30.0	30.0	30.0
Contractual	1361.2	5200.0	4700.0	4200.0	4200.0	4200.0
Supplies	12.0	10.0	10.0	10.0	10.0	10.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2077.9</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### FUNDING: (THOUSANDS OF DOLLARS)

General Fund	2011.1	5700.0	5200.0	4700.0	4700.0	4700.0
Federal Fund	0.0	0.0	0.0	0.0	0.0	0.0
Other	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2106.0</b>	<b>5700.0</b>	<b>5200.0</b>	<b>4700.0</b>	<b>4700.0</b>	<b>4700.0</b>

### POSITIONS:

Full-Time	11	0	0	0	0	0
Part-Time	3	0	0	0	0	0
Temporary	0	0	0	0	0	0

### ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

See attached sheet for additional details.

Prepared by: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Phone: \_\_\_\_\_

**DRAFT**

**FISCAL NOTE**

**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

**BILL NO. HB 136**

**Title:** "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
**Sponsor:** REPRESENTATIVE Gene Therriault  
**Requestor:** House FIN Committee

**Dept. Affected:** Commerce and Economic Dev  
**BRU:** Tourism  
**Components:** ATMC  
**Serial #**

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	216.8					
Travel	53.4					
Contractual	4361.1					
Supplies	4.0					
Equipment	0.0					
Land & Structures	0.0					
Grants, Claims	0.0					
Miscellaneous	0.0					
<b>TOTAL OPERATING</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	3335.4					
Federal Fund	0.0					
Other	1299.9					
<b>TOTAL</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

Full-Time	3	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

See attached sheet for additional details.

**Prepared by:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Date:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_

**DRAFT**

**FISCAL NOTE**

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. HB 136

Title: "An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism..."  
Sponsor: REPRESENTATIVE Gene Therriault  
Requestor: House FIN Committee

Dept. Affected: Commerce and Economic Dev  
BRU: Tourism  
Components: ATMC  
Serial # \_\_\_\_\_

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	216.8					
Travel	53.4					
Contractual	4361.1					
Supplies	4.0					
Equipment	0.0					
Land & Structures	0.0					
Grants, Claims	0.0					
Miscellaneous	0.0					
<b>TOTAL OPERATING</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	3335.4					
Federal Fund	0.0					
Other	1299.9					
<b>TOTAL</b>	<b>4635.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

Full-Time	3	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

See attached sheet for additional details.

Prepared by: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Phone: \_\_\_\_\_

# FISCAL NOTE

**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

**BILL NO. CSSB107(L&C) revis**

Revision Date/Time (Note if correction) _____	Dept. Affected <u>DCED</u>
Title <u>An Act relating to tourism and tourism marketing; eliminating the ATMC</u>	BRU <u>Tourism</u>
Sponsor <u>Mackie</u>	Component <u>Tourism Development</u>
Requester <u>Sen. Labor &amp; Commerce</u>	ATMC
	Component Serial No. <u>1026</u>

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	216.8	0.0	0.0	0.0	0.0	0.0
Travel	53.4	0.0	0.0	0.0	0.0	0.0
Contractual	4,361.1	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>4,631.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	0.0					
-----------------------------	-----	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
1002 Federal Receipts						
1003 GF Match						
1004 GF	2,331.4					
1005 GF/Program Receipts	1,299.9					
1037 GF/Mental Health						
Other	1,000.0					
<b>TOTAL</b>	<b>4,631.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) cost: 0.0

**POSITIONS**

Full-time	3	(3)	(3)	(3)	(3)	(3)
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by <u>Tom Lawson, Director</u>	Phone <u>465-2506</u>
Division <u>Administrative Services</u>	Date/Time <u>4/19/99 1:09 PM</u>
Approved by Commissioner <u>[Signature]</u>	Date <u>4/19/99</u>
Agency <u>Commerce and Economic Development</u>	

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. CSSB107 (L&C) rev1

Revision Date/Time (Note if correction) _____	Dept. Affected <u>DCED</u>
Title <u>An Act relating to tourism and tourism marketing; eliminating the ATMC</u>	BRU <u>Tourism</u>
Sponsor <u>Mackie</u>	Component <u>Tourism Development</u>
Requester <u>Senate Finance</u>	Component Serial No. <u>2278</u>

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	673.6	569.2	569.2	569.2	569.2	569.2
Travel	71.1	68.1	68.1	68.1	68.1	68.1
Contractual	1,381.2	4,634.2	4,134.2	3,634.2	3,634.2	3,634.2
Supplies	12.0	12.0	12.0	12.0	12.0	12.0
Equipment						
Land & Structures						
Grants & Claims	60.0	60.0	60.0	60.0	60.0	60.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>2,197.9</b>	<b>5,343.5</b>	<b>4,843.5</b>	<b>4,343.5</b>	<b>4,343.5</b>	<b>4,343.5</b>

<b>CAPITAL EXPENDITURES</b>	0.0					
-----------------------------	-----	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	2,103.0	5,343.5	4,843.5	4,343.5	4,343.5	4,343.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Stat. Designated PR	94.9	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>2,197.9</b>	<b>5,343.5</b>	<b>4,843.5</b>	<b>4,343.5</b>	<b>4,343.5</b>	<b>4,343.5</b>

Estimate of any current year (FY99) cc 2,197.9

**POSITIONS**

Full-time	11	8	8	8	8	8
Part-time	3	3	3	3	3	3
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Eliminates 3 positions in the Division of Tourism Inquiry Section in FY01.

Includes one time contractual cost of 20.0 in FY00 to conduct a feasibility study on the contracting out of the inquiry section function, "determining the potential costs and benefits which would result from contracting out the work in question," per Article 13 of the GGU Agreement.

For FY2000, there is a separate fiscal note for the ATMC.

See attached details.

Prepared by <u>Tom Lawson, Director</u>	Phone <u>465-2506</u>
Division <u>Administrative Services</u>	Date/Time <u>4/19/99 11:47 AM</u>
Approved by Commissioner <u>[Signature]</u>	Date <u>4/19/99</u>
Agency <u>Commerce and Economic Development</u>	

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information, call the Governor's Legislative Office

**Alaska Department of Commerce and Economic Development, Division of Tourism  
SB 107/HB 136 Fiscal Note Details**

	FY 2001	FY02	FY03	FY04	FY05
<b>Personal Services</b>	569.2 Reduction of \$321.2 from FY00 Division and ATMC.	569.2	569.2	569.2	569.2
<b>Tok APLIC</b>					
Admin Clerk I	13.9 Part time	13.9	13.9	13.9	13.9
Admin Clerk I	13.6 Part time	13.6	13.6	13.6	13.6
Admin Clerk I	15.3 Part time	15.3	15.3	15.3	15.3
Admin Clerk III	50.5 Full time	50.5	50.5	50.5	50.5
<b>Juneau</b>					
Director	98.4	98.4	98.4	98.4	98.4
Admin Manager I	48.4 Share w/ DTD	48.4	48.4	48.4	48.4
Secretary I	38.4 Share w/ DTD	38.4	38.4	38.4	38.4
Dev Spec I	72.3 See attached sheet for descriptions and activities of these four positions.	72.3	72.3	72.3	72.3
Dev Spec I	72.6	72.6	72.6	72.6	72.6
Proj. Asst.	54.7	54.7	54.7	54.7	54.7
Proj. Asst.	54.7	54.7	54.7	54.7	54.7
Pub. Specialist	36.4 More than 50% shared & funded by other divisions and independent agencies	36.4	36.4	36.4	36.4
<b>Travel</b>	68.1 Travel throughout Alaska for 5 professional staff to support community tourism development, meet with other state and federal counterparts; a \$56.1 reduction from FY00 for DOT & ATMC 7 professional staff.	68.1	68.1	68.1	68.1
<b>Grants</b>	60.0 Rural Tourism Center	60.0	60.0	60.0	60.0
<b>Supplies</b>	12.0 Office and data processing supplies in Juneau and Tok offices.	12.0	12.0	12.0	12.0
<b>Contractual</b>					
Tourism North	331.0 Alaska's contribution to the cooperative highway promotion program with the Yukon and British Columbia.	331.0	331.0	331.0	331.0
N. American Travel Trade	47.3 Work with Alaska tour operators and suppliers, destinations, and travel agents to increase Alaska travel experiences in tour offerings.	47.3	47.3	47.3	47.3
International	640.0 Contract representatives in Japan, Korea, Taiwan, Australia, United Kingdom and Western Europe.	640.0	640.0	640.0	640.0
Research	195.4 Annual conversion study and annualized Alaska Visitor Statistics Program	195.4	195.4	195.4	195.4
Fixed costs	385.1 Chargebacks, leases, phone, printing. Reduced \$153.3 from FY00.	385.1	385.1	385.1	385.1
<b>Subtotal, all contractual*</b>	4,634.2	4,134.2	3,634.2	3,634.2	3,634.2
<b>Total Tourism</b>	5,343.5	4,843.5	4,343.5	4,343.5	4,343.5

\*A portion of Division contractual is transferred to the QTA assuming they agree to conduct those marketing components. The subtotal increases because research previously part of the ATMC budget is transferred to the Division. FY99 and FY00 ATMC state contribution is \$3,335.4; 25% industry contribution/PR is \$1,299.94; industry contribution is taken off budget beginning FY01. Total FY99 and FY00 state funding for tourism is \$5,533.3. Per the Millennium Plan, the State's contribution is reduced approximately \$300.0 in FY01 and \$500.0 each year in FY02 and FY03 and then stabilizes.

**Division of Tourism  
State Tourism Development and Coordination**

**Purpose**

The purpose of these four professional positions is to assist Alaska businesses and communities in developing opportunities in the tourism industry. This is accomplished by providing a range of expertise in the fields of business and management in order to enhance, stabilize and diversify the economy, thereby creating opportunities for Alaskans. In order to address prior year budget reductions, two higher range positions were reclassified to project assistants. Pairs comprised of one development specialist and one project assistant work together to more effectively accomplish the large workload at a lower cost. One pair focuses on planning, transportation and access, and working with other state and federal agencies. The other pair focuses on assisting small businesses and communities develop products. Some of the major activities of the four professional positions are described below.

1) Development Specialist and Project Assistant

- Consult with small businesses and communities on tourism development opportunities including feasibility studies for implementation of a tourism program based on limited community resources.
- Work with convention and visitor bureaus statewide, providing technical assistance, coop-marketing opportunities cross promotion, and membership meetings/consultation.
- Provide technical assistance to communities, nonprofit organizations, and individual businesses desiring guidance in the development and implementation of economic development programs related to tourism.
- Provide technical assistance by meeting with the private sector to discuss proposals for tourism attractions and facilities on public lands
- Serve as counsel, on development issues, to public and private sectors of the visitor industry. This includes Convention and Visitors Bureaus, Chambers of Commerce, various State offices, trade associations, and the industry representatives.
- Analyze and address the potential for economic development created by tourism throughout the state, coordinate with federal and state agencies, and work with community groups and private sector organizations to expand the visitor industry.
- Participate in land use decision-making processes to insure consideration of tourism issues; serve as a liaison to other public agencies whose activities affect division functions and to discuss proposals for tourism attractions and facilities with those agencies.

- Liaison to the Rural Tourism Center.

## 2) Development Specialist and Project Assistant

- Work with existing businesses in developing new tourism products and new or improved offerings, and getting more exposure in key markets.
- Coordinate with the State of Alaska's overseas trade contractors in Japan, Korea and Taiwan to increase exposure of rural Alaska tourism opportunities and rural Alaska arts and crafts export products. Assist in the produce of informational materials about rural tourism and export products in the language of the host countries and promotional activities. Alaska's overseas contractors can facilitate the opening of rural Alaska to more commerce with the major Asian markets.
- Coordination of Top of the World (Alaska) travel agent training to train travel agents and wholesale packagers of Alaska travel products.
- Coordination of Alaska Travel Fair where wholesale packagers are brought to Alaska to meet with small businesses that can not afford to attend trade show or travel on trade missions. The most recent fair provided Alaska businesses access to more than 50 tour operators from Europe, North America, Asia and Australia/New Zealand.
- Primary contact for North American tour operators offering Alaska tour products; provide referrals to businesses in Alaska.
- Meet regularly with key decision makers in the international tourism markets, including tour operators, airline officials, and government agencies, regarding the development and promotion of Alaska as a visitor destination.
- Assist in developing business plans, feasibility analyses, and funding packages leading to the development of new or upgraded visitor attraction/activity/destination in Alaska.
- Oversee contracts for tourism research including the Alaska Visitor Statistics Program.
- Coordinates development efforts for direct air service, supports promotional campaigns for increased highway traffic, cruise ship capacity, Alaska Railroad and Alaska Marine Highway utilization. These are executed in coordination with Alaska's foreign offices as well as working closely and cooperatively with Alaska convention and visitor bureaus, trade associations, and other destination marketing organizations.
- Work cooperatively with airlines worldwide is required of this position to develop new and improved access to Alaska.

- Maintain resource library on domestic and international tourism data, contacts and materials.
- Serve on the Visitor Center Committee overseeing the operation of the Alaska Public Lands Information Centers (APLIC). This also involves planning exhibits, training staff, and coordinating projects that serve visitors.

### Number of Staff in State Tourism Offices

State	Number of Staff
Alabama	63
Alaska*	17
Arizona	25
Arkansas	70
California	26
Colorado	4
Connecticut	26
Delaware	11
Florida	100
Georgia	125
Hawaii	74
Idaho	15
Illinois	20
Indiana	13
Iowa	25
Kansas	29
Kentucky	62
Louisiana	75
Maine	7
Maryland	62
Massachusetts	33
Michigan	20
Minnesota	110
Mississippi	86
Missouri	42
Montana	26
Nebraska	61
Nevada	34
New Hampshire	8
New Jersey	13
New Mexico	13
New York	26
North Carolina	32
North Dakota	13
Ohio	25
Oklahoma	75
Oregon	9
Pennsylvania	15
Rhode Island	27
South Carolina	97
South Dakota	23
Tennessee	150
Texas/Travel & Info	89
Texas/Economic Dev.	29
Utah	22
Vermont	14
Virginia	91
Washington	11
West Virginia	98
Wisconsin	105
Wyoming	20
Washington, DC	47
Puerto Rico Tourism**	605

\*Alaska's number includes the Division of Tourism and the Alaska Tourism Marketing Council.

\*\* Puerto Rico's number includes visitor centers and is not included in the range or average.

**Range 4-150**

**Average 36**

Source: Travel Industry Association of America, Survey of State Tourism Offices, 1998-1999. January 1999.

## Tourism Development FY01

### Personal Services

Tok APLIC		
Admin Clerk I	13872	
Admin Clerk I	3573	
Admin Clerk I	15334	
Admin Clerk III	<u>50457</u>	
		83236
Juneau		
Division Director	98448	
Admin Clerk II	36186	
Admin Manager I	48428	
Dev Spec I	72335	
Dev Spec I	<u>72633</u>	
		<u>328030</u>
Subtotal		411266
Vacancy Factor (4.00%)		<u>-16451</u>
Total		<u><u>394815</u></u>

Travel 30000

Contractual  
Research 95400  
Fixed Costs 104600  
200000

Supplies 10000

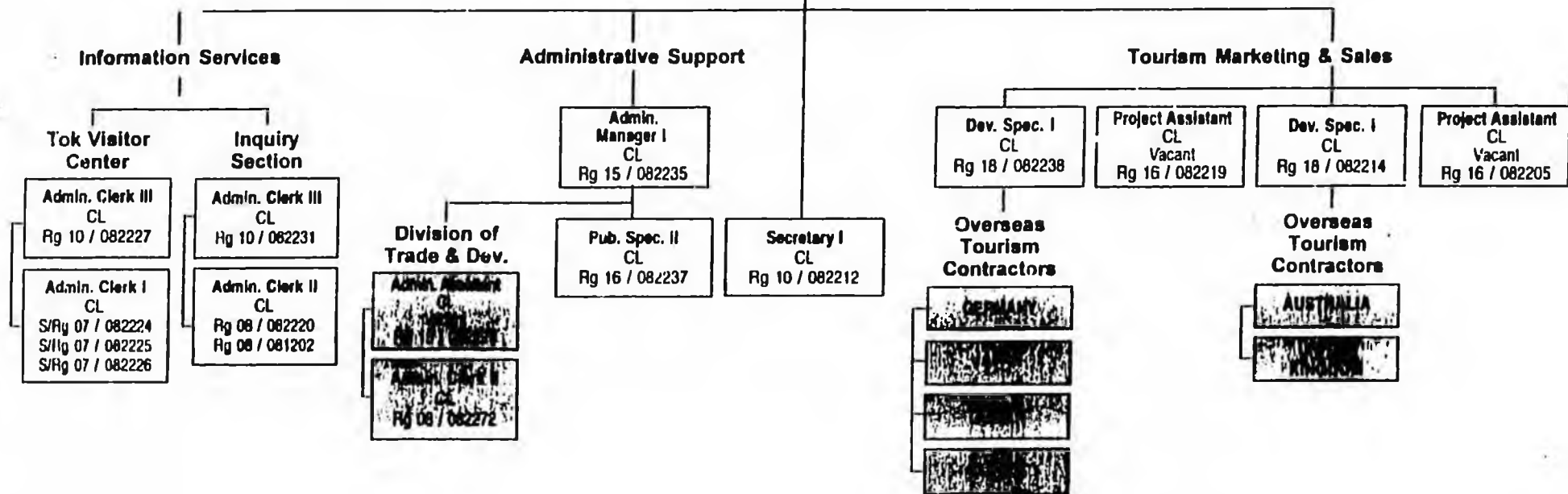
Grants 60000  
694815

State of Alaska  
 Department of Commerce and  
 Economic Development

DIVISION OF TOURISM  
 FY 2000

Juneau

Director  
 PX  
 Rg 28 / 082201



Joint Contracts and Administrative Staff with  
 Division of Trade and Development

(Rev. 12/98)

CL: Classified  
 PX: Partially Exempt  
 EX: Exempt  
 S: Seasonal  
 SU: Supervisory

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
 Commissioner of Department of Commerce & Economic Development



Official Business

# Alaska State Legislature

## SENATE LABOR & COMMERCE COMMITTEE

State Capitol  
Juneau, AK 99801-1182

(907)465-3844

### SPONSOR STATEMENT

#### SB 107, Abolishing the Tourism Marketing Council.

Senate Bill 107 initiates a fundamental change in the manner and method of state government involvement in promoting Alaskan tourism. Under provisions of the legislation, the state's current participation in the marketing of Alaska as a tourism destination would be accomplished through a contract with a single qualified trade association to provide the planning and execution of the marketing program.

Heretofore, the state has appropriated substantial amounts of public funds to participate in a cooperative marketing effort with representatives of the tourism industry. Combined with matching funds from the industry itself, the effort is a jointly managed, coordination of public and private resources to promote the entire state as a tourism destination. The coordination of the effort is accomplished through the activities of the Alaska Tourism Marketing Council.

It is the intent of SB 107 that all of the state's tourism marketing functions are consolidated and performed under contract to achieve a more efficient and effective result. The legislation would dissolve the Alaska Tourism Marketing Council and eliminate other tourism marketing functions in the Division of Tourism. In its stead, the state would pursue its marketing goals contractually. The contractor must be a qualified trade association that initially contributes at least 30 percent of the costs of the contracted marketing campaign. In three years time, the association's contribution to the campaign increases to at least 60 percent of the cost. The Division of Tourism retains its oversight, governmental coordination, and advocacy functions for tourism development.



Official Business

# Alaska State Legislature

## SENATE LABOR & COMMERCE COMMITTEE

State Capitol  
Juneau, AK 99801-1182

(907)465-3844

### SECTIONAL FOR

#### CSSB 107 (L&C), Relating to Tourism and Tourism Marketing

Section 1. The section establishes the intent of the legislature to contract all tourism marketing functions of the state to achieve efficiency and more effectiveness.

Section 2. A technical section that eliminates the citation of the executive director of the Alaska Tourism Marketing Council in AS 23.20, the Alaska Employment Security Act.

Section 3. A tourism marketing contract awarded under AS 44.33.125 in section 7 of this act is exempt from the state procurement code.

Section 4. The purpose section for the Alaska division of tourism is condensed from eight goals and objectives to five.

Section 5. The duties of the Alaska division of tourism in AS 44.33.120 are re-enacted to generally define its responsibilities to advocate, cooperate and coordinate tourism development within the public and private sectors and to administer visitor information centers and a tourism marketing contract under AS 44.33.125.

Section 6. A new subsection is added to the Alaska division of tourism duties that prohibits the execution of multiple tourism marketing contracts when a contract with a qualified trade association under AS 44.33.125 is in force.

Section 7. A new section, AS 44.33.125, describes the purpose, terms, and conditions for a division of tourism contract with a qualified trade association to conduct a destination marketing campaign.

Section 8. Subsection AS 44.33.125 (a) in section 7 above is re-enacted to increase the trade association contribution toward the cost of a marketing campaign from 30 to 60 percent. This provision is effective in 2002.

Section 9. The citation of the executive director for the Alaska Tourism Marketing Council is deleted from the State Personnel Act and the conflict of interest statute. The Alaska Tourism Marketing Council statutes are repealed.

Sections 10 and 11. Effective dates.

# ALASKA VISITORS ASSOCIATION

## 1999 STATE LEGISLATIVE PRIORITIES

The Alaska Visitors Association (AVA) is a statewide, private, non-profit trade association representing the common interests of Alaska's tourism industry. Nearly 92 percent of AVA's 650-plus members are small Alaskan businesses. Collectively, they encompass all sectors of travel and tourism and employ more than 25,000 Alaskans.

The visitor industry is one of the most significant industries in Alaska, providing one in eight private-sector jobs. AVA urges the Alaska State Legislature and Administration to demonstrate their commitment to helping tourism realize its full potential as an employer and contributor to the state's economy. The following are priorities in accomplishing this goal.

### **Enact legislation that will help Alaska regain its competitive position as a visitor destination and consolidate statewide tourism organizations**

Last year the Legislature approved an industry-led plan to increase private-sector contributions and consolidate the Alaska Tourism Marketing Council (ATMC), the Alaska Visitors Association (AVA), and the marketing functions of the State Division of Tourism into a single non-profit entity. However, the bill failed to receive final concurrence before the session ended. This year, AVA again supports passage of legislation provided that *all* marketing functions are offered in a fee-for-service contract with the state, as called for in the plan. To do otherwise will leave the industry unable to raise the required funds.

State funding for tourism promotions in Alaska has declined by 60 percent over the last decade, dropping the state from 7th place in state spending in 1989 to 27th in 1998; this decrease in funding corresponds with a drop in Alaska's annual rate of visitor growth from 13 percent to less than 6 percent. By increasing private-sector contributions to \$6 million through pay-to-play programs and increased contributions from businesses, communities, and cruise companies, the plan will help return Alaska's tourism marketing to a more competitive position. A transition team with representatives from ATMC, AVA, AWRTA, and the Department of Commerce has already begun work to set up the new non-profit organization should legislation be enacted.

### **Continue to provide core funding for destination marketing**

Under the New Millennium Plan, the industry proposes increasing private-sector funds while gradually decreasing state general fund participation. While the industry recognizes that overall state funding may decrease in the face of budget shortfalls, AVA believes the state has a vested interest in maintaining core funding for tourism marketing:

- The industry's direct contributions to government (more than \$124 million in taxes and fees to state and local governments) demonstrate that funds spent on tourism promotion are a long-term investment that will come back to the state in increasing amounts.
- The state will ultimately save money through lower unemployment and decreased state social services expenditures.
- The state needs to help level the playing field as Alaska competes with other states and countries who are spending millions of general fund dollars.
- Nearly everyone benefits from tourism, although not everyone pays. From gas stations and florists to construction companies and caterers, businesses that may not contribute to tourism funding still profit from the money visitors inject into Alaska's economy.

The entire state gains by being able to compete with other destinations, creating a healthier economy with greater numbers of people employed. As businesses – even those not generally viewed as tourism-related – benefit from the dollars visitors put into Alaska's economy, the industry maintains that the state has a responsibility to assist the tourism industry with the financial burden of marketing a product which benefits all Alaskans. The New Millennium Plan calls for phasing in a decrease in state funding by 25 percent over three years, reducing the state's current general fund contribution from \$5.3 million in FY00 to \$5.0 – FY01, \$4.5 – FY02, and \$4.0 thereafter. Conversely, the private sector's contribution would increase by 300 percent, with a target of \$6 million by FY03. The base-level funding would be in the form of a fee-for-service contract with the state.



Visitors &  
Convention Bureau, Inc.

April 1, 1999

Senator John Torgerson  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

Dear Senator Torgerson,

I want to express my personal thanks to you for the time you made available to us while we were in Juneau for the tourism industry "fly-in." We enjoyed talking with you about tourism issues.

A lot was accomplished while we were in Juneau. AVA's meetings on the "New Millennium Plan" were successful and productive. The visitor industry and the Department of Commerce have achieved full agreement on HB136 (the committee substitute) and SE107. We appreciated the hard work and commitment of Commissioner Debby Sedwick and her staff which helped to make this possible.

During our last day in Juneau, the executive director of the Alaska Wilderness Recreation & Tourism Association announced that AWRTA was also backing the restructuring plan as presented by AVA.

The visitor industry plan calls for a transition period while we begin to move toward more privatization of tourism marketing. *It is paramount that the State of Alaska maintain its core funding for tourism marketing at the current level of \$5.3 million as we begin this process.*

Once the New Millennium Plan is adopted by the Alaska State Legislature, we know we have our work cut out for us at the regional and local levels. The funding formula proposed for the Convention & Visitor Bureaus (or communities) is still not entirely resolved. On the Kenai Peninsula, we plan to hold several work sessions on the New Millennium Plan. We will keep your office posted about these developments and welcome any or all suggestions you may have.

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education & Early Development  
State of Alaska

# ALASKA VISITORS ASSOCIATION

## 1999 STATE LEGISLATIVE PRIORITIES

The Alaska Visitors Association (AVA) is a statewide, private, non-profit trade association representing the common interests of Alaska's tourism industry. Nearly 92 percent of AVA's 650-plus members are small Alaskan businesses. Collectively, they encompass all sectors of travel and tourism and employ more than 25,000 Alaskans.

The visitor industry is one of the most significant industries in Alaska, providing one in eight private-sector jobs. AVA urges the Alaska State Legislature and Administration to demonstrate their commitment to helping tourism realize its full potential as an employer and contributor to the state's economy. The following are priorities in accomplishing this goal.

### **Enact legislation that will help Alaska regain its competitive position as a visitor destination and consolidate statewide tourism organizations**

Last year the Legislature approved an industry-led plan to increase private-sector contributions and consolidate the Alaska Tourism Marketing Council (ATMC), the Alaska Visitors Association (AVA), and the marketing functions of the State Division of Tourism into a single non-profit entity. However, the bill failed to receive final concurrence before the session ended. This year, AVA again supports passage of legislation provided that *all* marketing functions are offered in a fee-for-service contract with the state, as called for in the plan. To do otherwise will leave the industry unable to raise the required funds.

State funding for tourism promotions in Alaska has declined by 60 percent over the last decade, dropping the state from 7th place in state spending in 1989 to 27th in 1998; this decrease in funding corresponds with a drop in Alaska's annual rate of visitor growth from 13 percent to less than 6 percent. By increasing private-sector contributions to \$6 million through pay-to-play programs and increased contributions from businesses, communities, and cruise companies, the plan will help return Alaska's tourism marketing to a more competitive position. A transition team with representatives from ATMC, AVA, AWRTA, and the Department of Commerce has already begun work to set up the new non-profit organization should legislation be enacted.

### **Continue to provide core funding for destination marketing**

Under the New Millennium Plan, the industry proposes increasing private-sector funds while gradually decreasing state general fund participation. While the industry recognizes that overall state funding may decrease in the face of budget shortfalls, AVA believes the state has a vested interest in maintaining core funding for tourism marketing:

- The industry's direct contributions to government (more than \$124 million in taxes and fees to state and local governments) demonstrate that funds spent on tourism promotion are a long-term investment that will come back to the state in increasing amounts.
- The state will ultimately save money through lower unemployment and decreased state social services expenditures.
- The state needs to help level the playing field as Alaska competes with other states and countries who are spending millions of general fund dollars.
- Nearly everyone benefits from tourism, although not everyone pays. From gas stations and florists to construction companies and caterers, businesses that may not contribute to tourism funding still profit from the money visitors inject into Alaska's economy.

The entire state gains by being able to compete with other destinations, creating a healthier economy with greater numbers of people employed. As businesses - even those not generally viewed as tourism-related - benefit from the dollars visitors put into Alaska's economy, the industry maintains that the state has a responsibility to assist the tourism industry with the financial burden of marketing a product which benefits all Alaskans. The New Millennium Plan calls for phasing in a decrease in state funding by 25 percent over three years, reducing the state's current general fund contribution from \$5.3 million in FY00 to \$5.0 - FY01, \$4.5 - FY02, and \$4.0 thereafter. Conversely, the private sector's contribution would increase by 300 percent, with a target of \$6 million by FY03. The base-level funding would be in the form of a fee-for-service contract with the state.

### **Enact legislation to reform recreation liability laws**

AVA continues to support passage of legislation to decrease legal uncertainties for commercial recreation businesses and to acknowledge some level of inherent risk on the part of those participating in recreational activities. One of Alaska's major visitor draws is outdoor adventure, yet high liability insurance costs are prohibitive, especially for smaller businesses offering commercial recreation opportunities. Recreational liability reform legislation should also include indemnification for private landowners who allow a public trail across their property. Alaska is the only state in America that does not provide this indemnification.

### **Implement a two-year Alaska Marine Highway schedule**

AVA supports changes that will allow the Alaska Marine Highway System to implement a two-year ferry schedule. According to the AMHS, the current legislative funding cycle prevents this. Visitor use of the ferry system is the primary revenue generator for the Alaska Marine Highway System, yet the lack of a two-year schedule significantly inhibits advance sales and bookings and prevents appreciable increases in revenues. When attracting visitors, Alaska must compete with adventure tours to places around the world in both cost and quality. Surveys show 60 percent of visitors coming to Alaska start their planning six to 12 months prior to departure. Tourism operators have to prepare business plans, make itinerary decisions, and develop and distribute brochures marketing their products in advance of client bookings. Under the current planning cycle, businesses and communities are unable to make these advance preparations.

### **Increase access to public lands**

Alaska is largely composed of public lands, making access critical to tourism activities within the state. The public has a desire to engage in a variety of outdoor activities on these lands, although there is tremendous pressure to restrict further access to public lands for commercial use of any kind. The tourism industry provides an opportunity for people to participate in guided outdoor experiences they might not be able to enjoy on their own and in a manner that has a relatively low impact on the land. While AVA appreciates the initial efforts of the Alaska Land Managers Forum in focusing on tourism/public land issues such as permitting, the association encourages the Legislature to promote use of public lands for tourism and require public agencies to include tourism components in all government and public planning documents.

### **Address important capital budget projects**

Adequate infrastructure is crucial to all of Alaska's basic industries. The association supports the concept of a fuel tax with revenues dedicated to a highway maintenance fund and the creation of a proposed state highway system funding category. AVA has also identified these transportation projects as top priorities:

- Petersville Road rehabilitation and extension to Tokositna and construction of a visitor facility
- Denali Highway hard surfacing
- McCarthy Road hard surfacing and wayside construction
- Alaska Marine Highway's continued Lynn Canal day boat service and fleet-wide vessel maintenance and safety improvements
- Parks Highway and Denali National Park Gateway road and pedestrian improvements
- Taylor Highway reconstruction and Top of the World Highway improvements from Tetlin Junction to Jack Wade Junction
- Implementation of the Southeast Alaska Transportation Plan
- Statewide system of rest and information stops
- Statewide system of snow machine trails utilizing snow machine registration fees for trail development
- Hatcher Pass road improvements and driving loop through Willow

### **Maintain State Park funding**

AVA supports the governor's budget for State Parks. Although parks are utilized by 80 percent of residents, they are also important attractions to Alaska's visitors.

ALASKA VISITORS ASSOCIATION  
phone: 907-561-5733 ☐ fax: 907-561-5727



Visitors &  
Convention Bureau, Inc.

April 1, 1999

Senator John Torgerson  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

Dear Senator Torgerson,

I want to express my personal thanks to you for the time you made available to us while we were in Juneau for the tourism industry "fly-in." We enjoyed talking with you about tourism issues.

A lot was accomplished while we were in Juneau. AVA's meetings on the "New Millennium Plan" were successful and productive. The visitor industry and the Department of Commerce have achieved full agreement on HB136 (the committee substitute) and SB107. We appreciated the hard work and commitment of Commissioner Debby Sedwick and her staff which helped to make this possible.

During our last day in Juneau, the executive director of the Alaska Wilderness Recreation & Tourism Association announced that AWRTA was also backing the restructuring plan as presented by AVA.

The visitor industry plan calls for a transition period while we begin to move toward more privatization of tourism marketing. *It is paramount that the State of Alaska maintain its core funding for tourism marketing at the current level of \$5.3 million as we begin this process.*

Once the New Millennium Plan is adopted by the Alaska State Legislature, we know we have our work cut out for us at the regional and local levels. The funding formula proposed for the Convention & Visitor Bureaus (or communities) is still not entirely resolved. On the Kenai Peninsula, we plan to hold several work sessions on the New Millennium Plan. We will keep your office posted about these developments and welcome any or all suggestions you may have.

Senator John Torgerson  
April 1, 1999  
Page 2

During the final weeks of this legislative session, please don't hesitate to call me if I can be of assistance to your office on this important tourism legislation. I am planning to testify by teleconference on SB107 on April 13.

On behalf of AVA, and your Kenai Peninsula "tourism" constituents, thank you for being such a strong supporter of the visitor industry.

Sincerely,



Kathy Tarr  
Executive Director  
Kenai Visitors & Convention Bureau &  
Board Member, AVA

*Was great  
to see you.*

# **The New Millennium Plan**

*A Concept for the Future of Tourism in Alaska*

**Alaska Travel Industry Association  
Organizational Outline**

Revised December 1998

# TABLE OF CONTENTS

- 1. Alaska Travel Industry Association .....2
  - A. Overview .....2
  - B. Organization .....2
  - C. Memberships.....3
  - D. Pay-to-Play Programs.....5
  - E. State Participation.....6
  - F. Board of Directors .....7
  - G. Funding Goals.....7
  - H. Timeline.....8
  
- 2. Background .....9
  
- 3. Appendix.....14

# Alaska Travel Industry Association

*A New Concept for the Future*

## A. OVERVIEW

Presented in this document is an industry-led initiative to regain Alaska's competitive position as a visitor destination and to consolidate Alaska's statewide tourism organizations – the Alaska Tourism Marketing Council, the Alaska Visitors Association, and the marketing functions of the Alaska Division of Tourism – into one new, non-profit organization.

This streamlined structure is the industry's solution to several issues facing Alaska tourism: greatly reduced government funding, continued threats of industry taxes, increased competition from other destinations, and a decline in the rate of visitor growth. Without a renewed effort to regain our position in the marketplace, the downward trends will continue.

Rather than continue to watch Alaska's marketing decline further, the tourism industry has taken a proactive approach to deal with the problem. Under this plan, the industry would greatly increase its marketing contribution and the State would continue to provide a core level of funding through a fee-for-services contract with the new non-profit organization. After a phase-in period, the goal is to raise a minimum of \$10 million, with \$6 million coming from the private sector and \$4 million coming from the State. This represents a 25 percent reduction in state general funds and a more than 300 percent increase in private sector funds.

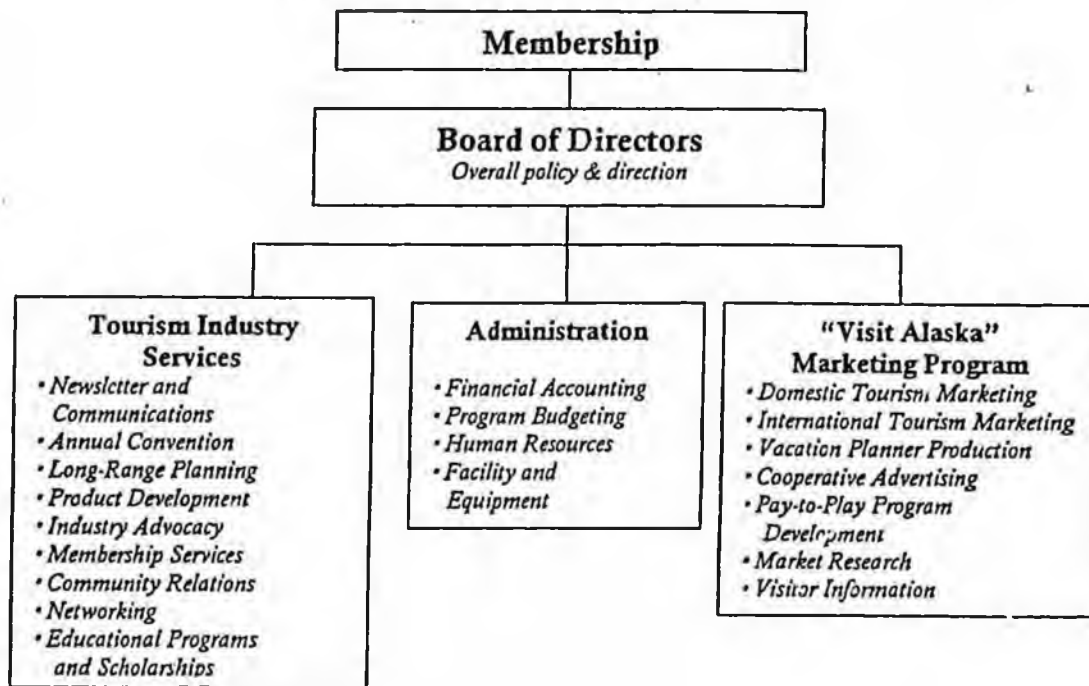
## B. A NEW ORGANIZATION

Dissolve the Alaska Tourism Marketing Council, the Alaska Visitors Association, and the marketing functions of the Alaska Division of Tourism. In their place, create a new statewide organization that would accomplish much of what is being done by all three, while realizing efficiencies from streamlining. While all the marketing functions would be consolidated, the Division of Tourism (DoT) would remain a separate entity within state government for planning, government coordination and advocacy.

Within the organization, there would be three major program areas. A board of directors would set overall policy and budget, overseeing the Tourism Industry Services, Administration and Marketing functions. The marketing program would be implemented by a professional staff at the direction of the Alaska Travel Industry Association board of directors or a committee thereof. It is intended that developmental programs aimed at expanding fall/winter/spring, highway travel, and international markets would continue.

# ALASKA TRAVEL INDUSTRY ASSOCIATION

## Organizational Structure



### C. MEMBERSHIPS

There would be two types of memberships: marketing partners and affiliates. The marketing partner category includes separate funding formulas for the industry at-large, cruise lines, and communities. Affiliate memberships are reserved for businesses not directly in the visitor industry. Membership categories and buy-in costs for program participants are outlined below. Each member receives one vote in the board elections.

#### Marketing Partner Memberships

Participating industry businesses and organizations would receive benefits such as:

- Listing ad in the Vacation Planner, or a \$200 credit toward a larger ad
- Listing on the website
- Newsletter and industry briefings
- Access to member mailing labels
- Research and other industry information
- Convention and trade show participation discounts
- Access and participation in other marketing programs offered at an additional charge

**Marketing Membership Dues**

Based on peak-season employee counts, as follows:

<u># of Employees</u>	<u>Amount</u>
< 5	\$200
5-15	300
16-50	500
51-100	1,000
101-300	2,000
301-500	3,000
501-1,000	4,000
1000+	5,000

**Cruise Lines**

In addition to the membership fees, cruise lines would pay a voluntary assessment based on their percentages of the total Alaska cruise market. The formula-based assessment would be phased in over a three-year period, with a funding goal of \$2 million in the third year.

<u>Company's Alaska passenger cruise days*</u>	x \$1.0 million in FY01
<u>Total passenger cruise days* in Alaska market</u>	x \$1.5 million in FY02
	x \$2.0 million in FY03

See Appendix for contributions beyond FY03.

**Destination Marketing Organizations and Communities**

Local destinations would have the opportunity to dovetail with the state program as a community partner and leverage their marketing dollars with the Visit Alaska efforts. In addition to the membership benefits, participating destinations would receive additional marketing and promotion tools for their communities, such as advertising and label discounts.

Partnering communities and destination marketing organizations (DMOs) would receive benefits such as:

- Participation in press trips coming to Alaska
- 25 percent discount on mailing labels
- Editorial coverage in marketing materials
- Convention and meeting leads
- Vacation Planner advertising\*
  - Buy-ins between \$500-\$4,000 receive a narrative ad
  - Buy-ins between \$4,000-\$7,000 receive a 2" color display ad
  - Buy-ins between \$7,000-\$30,000 receive a ¼ page display ad
  - Buy-ins above \$30,000 receive a ½ page display ad
  - Opportunity to access Pay-to-Play and all other cooperative marketing programs

\*Based on community buy-in at FY01 level see Appendix for further details.

The community investment formula is based on out-of-state visitor spending in each community and would be phased in over a three-year period. As a community's relative economic return from visitors increases, so would its investment.

Community's % of Visitor Expenditures	x	\$ .50 million in FY01
	x	\$ .75 million in FY02
	x	\$1.25 million in FY03

See Appendix for information on community percentages and contributions beyond FY03.

Individual communities would determine how best to fund their marketing buy-ins. Where there are regional organizations, such as the Kenai Peninsula Tourism Marketing Council or Southeast Alaska Tourism Council, it would be up to the regions whether the buy-in comes from individual communities or the regional organizations.

#### Affiliate Memberships

Many non-industry businesses receive significant revenue from the tourism industry, but are not able to directly participate in the marketing programs. An affiliate membership offers these businesses an opportunity to support and network with the industry. To qualify, businesses and organizations would derive less than 10 percent of revenues from goods and/or services sold directly to visitors. Examples of affiliate members include suppliers, advertising and PR firms, printers, insurance companies, some government agencies, media, and financial services. Benefits may include:

- Newsletter and industry briefings
- Recognition as an industry supporter
- Advertising opportunities to the industry
- Access to membership labels
- Convention and trade show participation and discounts

#### Affiliate Membership Dues

Dues level is voluntary.

Level	Amount
Bronze Supporter	\$500
Silver Supporter	1,000
Gold Supporter	5,000
Patron	10,000

#### D. PAY-TO-PLAY PROGRAMS

Participation would be limited to marketing members only. These programs would allow businesses to dovetail with statewide tourism efforts and leverage their marketing dollars. This list of possible programs is subject to frequent change as new opportunities arise and as industry participation indicates the value of each program.